

NEWS RELEASE

EC WORLD REIT Reports Resilient Operating Performance, Completes Acquisition of Fuzhou E-Commerce

- Resilient portfolio performance with 7.5% and 3.2% growth in Gross Revenue and Net Property Income respectively
- Completed acquisition of Fuzhou E-Commerce, a high-quality integrated e-commerce logistics asset for RMB1,112.5 million
- Successfully refinanced existing borrowings, significantly extending debt maturity

Summary of Results:

	3QFY19 S\$'000	3QFY18 S\$'000	Change %	YTDFY19 S\$'000	YTDFY18 S\$'000	Change %
Gross Revenue	25,675	23,891	7.5	73,266	72,756	0.7
Net Property Income	22,920	22,199	3.2	65,262	66,496	(1.9)
Distribution to Unitholders	11,873	12,414	(4.4)	36,110	36,360	(0.7)
DPU (Cents)	1.489	1.570	(5.2)	4.537	4.609	(1.6)

Singapore, 7 November 2019 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) wishes to report a set of resilient operating performances amidst challenging macroeconomic climate. Portfolio occupancy remains strong at 99.2% while gross revenue and net property income both registered healthy gains. As a result of technical timing difference between the loan drawdown and completion of acquisition of Fuzhou E-Commerce and depreciation in RMB, DPU declined by 5.2%.

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “Despite the macro-economic headwinds, EC World REIT’s portfolio of quality logistics assets continue to deliver, underpinned by its highly defensive lease structure. Its relatively long weighted average lease to expiry of 4.3 years (by Gross Rental Income) provide sustainability in returns. In August 2019, the REIT completed the acquisition of Fuzhou E-Commerce which

contributed positively to the earnings. Gross Revenue and Net Property Income grew by 7.5% and 3.2% to S\$25.7 million and S\$22.9 million respectively in 3QFY19.”

Resilient Portfolio Performance

As at 30 September 2019, EC World REIT has a portfolio of eight quality properties in China. Gross revenue and net property income in RMB terms (after straight-line, security deposit accretion and other relevant distribution adjustments¹) for 3QFY19 grew 13.5% and 11.4% respectively, attributed to the embedded rental escalations as well as contributions from the newly acquired Fuzhou E-Commerce.

For illustration purposes only²:

	3QFY19 RMB\$'000	3QFY18 RMB \$'000	Change %	YTD3Q FY19 RMB \$'000	YTD3Q FY18 RMB \$'000	Change %
Gross Revenue	130,955	115,387	13.5	368,368	342,598	7.5
Net Property Income	119,094	106,923	11.4	334,799	314,045	6.6

For the rest of the financial year, the REIT has less than 3% of gross rental income due for renewal. The Manager will continue to manage the lease expiries actively to ensure predictable and stable income.

Prudent Capital Management

EC World REIT's aggregate leverage increased to 39.6% as at 30 September 2019 mainly due to the drawdown of loans for the acquisition of Fuzhou E-Commerce. In July 2019, the REIT completed the refinancing exercise, extending the weighted average term of debt considerably. The blended running interest rate for the quarter was 4.6%³. The Manager

¹ These adjustments have no impact on DPU

² Excluding straight-line, security deposit accretion and other relevant distribution adjustments

³ Including amortized upfront fee, the all-in interest rate is 5.4%

will continue to manage its capital structure prudently, diversify its sources of funding and optimize its debt maturity profile.

Disciplined Investment Strategy

On 8 August 2019, EC World REIT completed the acquisition of a DPU and NAV accretive asset, Fuzhou E-Commerce, for a Property Purchase Price of RMB1,112.5 million. This 100% occupied asset is a rare and sizable integrated e-commerce logistics asset strategically situated next to EC World REIT's existing asset, Fu Heng Warehouse.

The Manager will continue to explore investment opportunities on a disciplined approach in the logistics sector in China and selected high growth markets outside China to enhance and strengthen EC World REIT's portfolio.

Outlook

For the first three quarters of 2019, China's Gross Domestic Product ("GDP") expanded 6.2% year-on-year. In 3Q2019, the economy grew by 6.0%. On a quarter-on-quarter comparison, GDP grew by 1.5% compared to 2Q2019⁴.

In August 2019, the Chinese government has announced several initiatives to boost domestic consumption as well as focus exporters on the domestic market. This include the expansion of cross-border e-commerce import business to more Chinese cities, encouraging innovation in the design and production of consumer goods as well as enhancement to existing pedestrian streets to generate shoppers' traffic⁵. In the first three quarters of 2019, total retail sales of consumer goods increased by 8.2% year-on-year. Excluding the sale of automobiles, retail sales of consumer goods grew by 9.1%. Online retail sales increased by 16.8% year-on-year⁴.

Since the beginning of the year, the People's Bank of China has cut the reserve requirement ratio three times to lower the cost of funds for the banks. China has indicated that it will continue on a prudent monetary policy to create an appropriate financial environment for high-quality economic growth⁶.

⁴ National Bureau of Statistics of China: <http://www.stats.gov.cn/english/>

⁵ South China Morning Post: <https://www.scmp.com/economy/china-economy/article/3024587/chinas-big-plan-boost-domestic-consumption-midst-us-trade-war>

⁶ Xinhua Net news: http://www.xinhuanet.com/english/2019-10/20/c_138486365.htm



EC World
运通网城 REIT

EC World REIT's assets cater to tenants with underlying businesses serving the domestic China market with no exposure to international trade. As China gears itself towards a more consumption driven economy, EC World REIT is well positioned to capitalise on the potential of the domestic market for growth.

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ABOUT EC WORLD REIT

Listed on 28 July 2016, EC World REIT is the first Chinese specialised logistics and e-commerce logistics REIT listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**"). With its portfolio of eight quality properties located predominantly in one of the largest e-commerce clusters in the Yangtze River Delta, EC World REIT offers investors unique exposure to the logistics and e-commerce sectors in Hangzhou and Wuhan, the People's Republic of China ("**PRC**").

EC World REIT's investment strategy is to invest principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply-chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus on the PRC.

EC World REIT is listed in several indices. These include the FTSE ASEAN All-Share Index, FTSE ST All-Share Index, FTSE ST China Index and FTSE ST Singapore Shariah Index. For more information, please visit: <http://www.ecwreit.com/>

EC World REIT is managed by EC World Asset Management Pte. Ltd., which is an indirect wholly-owned subsidiary of the Sponsor – Forchn Holdings Group Co., Ltd. Established in 1992 and headquartered in Shanghai, the Sponsor is a diversified enterprise group specialising in the real estate sector, industrial sector, e-commerce, logistics and finance. For more information, please visit www.forchn.com.cn or <https://forchn-intl.com/>



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