

NEWS RELEASE

EC WORLD REIT Delivers Net Property Income Growth of 17.4% year-on-year for 4QFY19

- Performance underpinned by built-in annual rental escalation from master lease agreements and contribution from Fuzhou E-Commerce acquired in August 2019
- Distribution Per Unit (“DPU”) of 1.51 cents for 4QFY19 translating to an attractive distribution yield of 8.1%¹ and 1.4% increase over 3QFY19 DPU of 1.489 cents
- Short-term volatility expected given the Corona Virus Disease (“COVID-19”) outbreak

Summary of Results:

	4QFY19 S\$'000	4QFY18 S\$'000	Change %	FY19 S\$'000	FY18 S\$'000	Change %
Gross Revenue	25,862	23,473	10.2	99,128	96,229	3.0
Net Property Income	24,475	20,840	17.4	89,737	87,336	2.7
Total amount available for distribution	12,741	12,441	2.4	48,851	49,007	(0.3)
Distribution to Unitholders	12,098 ²	12,441	(2.8)	48,208 ²	48,801	(1.2)
DPU (Cents)	1.510 ²	1.570	(3.8)	6.047 ²	6.179	(2.1)

Singapore, 27 February 2020 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) wishes to report a set of operationally resilient results for 4QFY19 despite the challenging macro climate.

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “FY19 was a fulfilling year for us. Despite significant macro-economic headwinds, we delivered on our strategies of (i) proactive asset management with the entry into new master lease agreements for our

¹ Based on FY19 DPU of 6.047 cents and Unit Price of S\$0.745 per Unit as at 31 December 2019

² For 4QFY19, the Manager has resolved to distribute 95% of the capital distribution to Unitholders. Based on a 100% distribution, DPU would have been 1.590 cents for 4QFY19 and 6.127 for FY19



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master-leased assets enhancing income predictability, (ii) disciplined investment through the acquisition of a yield-accretive e-commerce logistics asset, Fuzhou E-Commerce, and last by not least, (iii) successful refinancing of EC World REIT's IPO loans.

The situation of the COVID-19 in China remains highly fluid. As ECW is in the logistics sector catering largely to the e-commerce and specialized logistics sector, it is less exposed compared to businesses with operations that rely largely on human traffic. For 4QFY19, 5% of amount available for distribution was retained by the Manager for general working capital purposes and unforeseen contingencies. DPU for FY19 was 2.1% lower at 6.047 cents compared to that of FY18 at 6.179 cents, largely due to the retention of 5% of distributable income in 4QFY19, foreign exchange differences and technical timing difference between the loan drawdown and the completion of the acquisition of Fuzhou E-Commerce in 3QFY19.”

Stable Operating Performance

Gross revenue and net property income in RMB terms for 4QFY19 (after straight-line, security deposit accretion and other relevant distribution adjustments³) recorded double-digit year-on-year growth of 17.4% and 19.5% to RMB134.5 million and RMB129.5 million respectively, attributed to the embedded rental escalations and income contribution from Fuzhou E-Commerce which was acquired in August 2019.

As at 31 December 2019, ECW REIT portfolio comprises eight assets, of which seven are in Hangzhou and one in Wuhan (Wuhan Meiluote). Four out of the seven assets in Hangzhou are under master lease arrangements which provide for fixed rental with built-in escalation. There is no variable rental component under the master lease arrangements.

Portfolio valuation grew 20.6% to RMB8,118 million largely due to Fuzhou E-Commerce which was acquired in August 2019. Excluding Fuzhou E-Commerce, portfolio valuation, on a like-for-like basis, would have increased 1.5% year-on-year.

After an extended Spring Festival break, ECW REIT's assets, with the exception of Wuhan Meiluote, have received the necessary permits to restart operations. The Manager has received notification from a tenant for the non-renewal of 24,929 sqm of space at Wuhan Meiluote in 2QFY20. Due to the COVID-19, Manager expects demand for space in Wuhan

³ These adjustments have no impact on DPU

to be muted. Wuhan Meiluote accounts for 1.6% of the REIT's portfolio net property income in FY19.

The Manager understands that several landlords in China have committed to certain rental rebates^{4,5}, and thus anticipates similar requests as its tenants switch its operations into full gear (albeit over a period of time). It will evaluate the request on a case-by-case basis and will keep the investing community duly informed of any material development.

In FY20, ECW REIT has 15.7% (by gross rental income) due for renewal. Majority of the space is a lease from Hengde Warehouse. The Manager is currently in talks with the tenant for renewal.

Prudent Capital Management

As at 31 December 2019, EC World REIT's aggregate leverage was 38.7% with a blended running interest rate of 4.4%⁶. In July 2019, the REIT completed the refinancing exercise, extending the weighted average term of debt considerably. This provides more certainty in financing structure to propel our future growth. The Manager will explore alternative sources of funding to optimize ECW REIT's capital structure.

Disciplined Investment Strategy

The Manager will continue its disciplined investment approach to seek out quality acquisitions which complements the existing portfolio. In August 2019, EC World REIT completed the acquisition of a DPU and NAV accretive e-commerce logistics asset, Fuzhou E-Commerce, for a Property Purchase Price of RMB1,112.5 million. This expanded ECW REIT's exposure to the fast-growing e-commerce logistics sector and contributed positively to the bottom-line.

Outlook

China's Gross Domestic Product ("GDP") expanded 6.1%⁷ in 2019 despite continued economic headwinds. Growth was mainly driven by domestic consumption and infrastructure. This can be attributed to the Chinese government efforts to steer its economy

⁴ <https://www.scmp.com/business/companies/article/3048118/chinese-mall-landlords-offer-rent-free-periods-merchants>

⁵ <https://www.zdnet.com/article/china-tech-giants-chip-in-to-combat-coronavirus-global-shows-impacted/>

⁶ For the quarter ended 31 December 2019. Including amortized upfront fee, the all-in interest rate is 5.2%

⁷ National Bureau of Statistics of China: <http://www.stats.gov.cn/english/>

from an investment and export driven model to one that focuses on domestic consumption, innovation and services.

The outbreak of the COVID-19 in China has impacted countries globally. The Chinese government announced several measures including the lockdown in Wuhan and several other cities, extension of Spring Festival break as well as restriction of movement of people across China, in an effort to control the spread of the COVID-19. While these measures have since been partially lifted, businesses are inevitably impacted. Nevertheless, according to a report by CBRE⁸, impact of the COVID-19 on industrial and logistics market in China is expected to be limited. While long-term fundamentals for the logistics sector in China remain attractive, short term volatility and disruption can be expected given the severity of control measures implemented in China.

The Manager remains highly vigilant to any changes in situation and stands ready to respond promptly.

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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

⁸ CBRE Research: Greater China ViewPoint - The Wuhan Coronavirus Outbreak: What Does it Mean for Real Estate?



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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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An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of EC World REIT. The forecast financial performance of EC World REIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.