

NEWS RELEASE

EC WORLD REIT delivers Distribution Per Unit (“DPU”) of 1.386 cents for 2QFY20

- DPU of 1.386 cents is 19.7% higher than 1QFY20 DPU of 1.158 cents, translating to attractive annualized distribution yield of 7.4%¹
- Gross revenue and Net Property Income increased 19.8% and 22.2% compared to 1QFY20 mainly due to absence of rental rebates which was recognized in 1QFY20
- Stable capital structure with Weighted Average Debt Expiry of 2.12 years. No significant short-term refinancing requirement
- ECW had retained 10% of total amount available for distribution in 2Q20 in view of uncertainties arising from COVID-19
- Headwinds persist with businesses remaining cautious in its leasing and expansion plans amidst the uncertain geopolitical and economic climate

Summary of Results:

	2QFY20 S\$'000	1QFY20 S\$'000	Change %
Gross Revenue	28,205	23,534	19.8
Net Property Income (“NPI”)	25,835	21,138	22.2
Total Amount Available for distribution	12,376	9,788	26.4
Amount retained for cash flow management (S\$'000)	1,234	490	n.m.
Distribution to Unitholders	11,142	9,298	19.8
DPU after retention (Cents)	1.386	1.158	19.7

Singapore, 7 August 2020 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) is pleased to report a set of improved financial results in view of the recovering China economy. On a year-on-year comparison, DPU declined 10.4% in 2QFY20 due to a 10% retention of total

¹ Based on annualized 1HFY2020 DPU of 5.116 cents and Unit Price of S\$0.690 per Unit as at 30 June 2020

amount available for distribution in view of the uncertainties arising from COVID-19. DPU grew 19.7% to 1.386 cents compared to 1QFY20 as a result of the recognition of one-off rental rebates to tenants in 1QFY20.

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “While the China economy expanded 3.2% in the second quarter of 2020, headwinds persist. Businesses remain cautious in their leasing and expansion plans amidst the uncertain geopolitical and economic climate. ECW’s portfolio of eight assets has a healthy weighted average lease expiry of 3.6 years and its master lease agreements with embedded rental escalation provides organic growth within the portfolio. We will continue to work closely with the Property Manager in China to optimize portfolio performance.

As part of the Manager’s prudent approach towards cash management, ECW had retained 10% of total amount available for distribution in 2QFY20 in view of uncertainties arising from COVID-19.”

Portfolio Update

In 2QFY20, operations of ECW’s tenants and its underlying operations at the master leases have resumed. As at 30 June 2020, ECW has a portfolio occupancy rate of 98.7% with a weighted average lease to expiry of 3.6 years (by gross rental income).

Gross revenue and NPI grew by 19.8% and 22.2% in 2QFY20 compared to 1QFY20 mainly due to absence of one-off rental rebates recognized in 1QFY20. On a year-on-year comparison, gross revenue and net property income grew by 18.8% and 22.1% attributed to the contribution from Fuzhou E-commerce which was acquired in August 2019 and organic growth from rental escalations.

The Manager has earlier, on 27 February 2020, announced that it has received notification from a tenant in Wuhan Meiluote for the non-renewal of 24,929 sqm (representing about 51.2% of lettable space) in 2QFY20. The Manager is working closely with the Property Manager in China to backfill the space. Wuhan Meiluote contributed about 1.8% of gross revenue for 2QFY20.

Stable Capital Structure

The Manager continues to maintain a stable capital structure with no refinancing requirement in the near-term. Aggregate leverage was 39.1% as at 30 June 2020 with a blended running interest rate of 4.3% for 2Q and 1HFY20.

To mitigate currency risk, the Manager hedged 100% of the interest rate risk of ECW's offshore loans using floating to fixed interest rate swaps and cross currency swaps.

The Manager will continue to actively explore and diversify sources of funding as well as hedging instruments to optimize ECW REIT's capital structure.

Outlook

According to the China's National Bureau of Statistics², China's economy grew by 3.2% in the second quarter of 2020, following a 6.8% decline in the first three months of the year. For the first half of 2020, China's Gross Domestic Product ("GDP") contracted by 1.6% year-on-year. On a quarter-on-quarter comparison, GDP grew by 11.5%.

Retail sales of consumer goods declined 11.4% year-on-year to 17.23 trillion yuan in 1H2020. However, online retail sales grew 7.3% year-on-year as consumers switched consumption patterns to e-commerce while staying indoors³.

While online retail sales remain strong, demand for quality logistics space may be muted as occupiers turn more cautious towards expansion due to tightening profit margin and continued geopolitical tension. E-commerce is expected to continue to be the main tailwind propelling the logistics sector in 2020.⁴

As such, the Manager expects the demand for space at Wuhan Meilute to be muted. Nonetheless, the Manager will continue to work closely with the Property Manager in China to optimize portfolio performance.

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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

² National Bureau of Statistics, China http://www.stats.gov.cn/english/PressRelease/202004/t20200417_1739339.html

³ Xinhuanet: http://www.xinhuanet.com/english/2020-07/16/c_139217279.htm

⁴ CBRE Research: <https://www.cbre.com/Research-Reports/APAC-Real-Estate-Market-Outlook-2020/LOGISTICS-SECTOR>



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.

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IMPORTANT NOTICE

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of EC World REIT), or any of their respective affiliates.

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.