

**NEWS RELEASE**

**EC WORLD REIT DELIVERS STRONG FY2017 RESULTS  
OUTPERFORMING FORECAST FOR THE SECOND  
CONSECUTIVE YEAR**

- *FY2017 Gross Revenue and Net Property Income (“NPI”) outperformed forecast by 1.0% and 0.9% respectively*
- *Distribution per unit (“DPU”) for 4Q 2017 and FY2017 of 1.504 and 6.025 cents, outperforming forecast by 0.5% and 1.5% respectively*
- *FY2017 DPU yield of 7.9%<sup>1</sup>*

**Summary of Results for 4Q 2017 and FY2017:**

	1.10.2017 to 31.12.2017			1.1.2017 to 31.12.2017		
	Actual S\$'000	Forecast S\$'000	Change %	Actual S\$'000	Forecast S\$'000	Change %
Gross revenue	20,678	22,612	(8.6%)	91,368	90,451	1.0%
Net property income	17,945	20,499	(12.5%)	82,704	81,999	0.9%
Income available for distribution	11,802	11,626	1.5%	47,117	46,495	1.3%
DPU (cents)	1.504	1.496	0.5%	6.025	5.936	1.5%

**Singapore, 28 February 2018** – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) is pleased to announce ECW’s results for the financial quarter ended 31 December 2017 which have outperformed its IPO forecast for the second consecutive year.

DBS Bank Ltd. was the sole financial adviser, global coordinator and issue manager for the initial public offering of EC World REIT. DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited and Maybank Kim Eng Securities Pte. Ltd. were the joint bookrunners and underwriters for the initial public offering of EC World REIT.

<sup>1</sup> Based on the closing price of S\$0.76 as at 29 December 2017

ECW achieved a full year DPU of 6.025 Singapore cents, exceeding forecast by 1.5%. This was mainly driven by the strong operating performance of the underlying asset portfolio and favorable exchange rate movement vis-à-vis forecasted exchange rate.

Mr. Goh Toh Sim, Executive Director and Acting CEO of the Manager, said, “We are pleased that ECW delivered forecast beating results for the second year running. This is a testament to the quality and stability of the ECW’s asset portfolio as well as our active asset management and prudent financial management strategies. The strong performance also lays a solid foundation for us to expand our portfolio in the coming year”.

### **Strong Portfolio Performance**

Portfolio valuation in RMB increased by 1.8% year on year from RMB6,407.0 million as at 31 December 2016 to RMB6,522.0 million as at 31 December 2017. This follows last year’s growth of 0.8% in RMB terms. In Singapore Dollars equivalent terms, the portfolio valuation was S\$1,337 million as at 31 December 2017.

For the full year in 2017, gross revenue was S\$91.4 million, an increase of S\$0.9 million or 1.0% compared to the forecast. NPI was S\$82.7 million, an increase of S\$0.7 million or 0.9% compared to the forecast. The higher gross revenue is primarily due to the additional rental income from the completion of an asset enhancement initiative at Chongxian Port Investment (construction of a sheltered warehouse). Favourable exchange rate also contributed to the higher NPI.

Furthermore, the committed portfolio occupancy remains at 100% while the weighted average underlying end-tenant occupancy<sup>1</sup> of the portfolio was 97.5% as at 31 December 2017.

### **Prudent Capital Management**

As at 31 December 2017, ECW’s aggregate leverage remains relatively low at 29.2% providing ECW with ample debt headroom for growth and future acquisitions.

The Manager continues to be prudent and proactive in the execution of its risk management strategies - 100% of the interest rate risk of our SGD borrowings was hedged using floating

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<sup>1</sup> By net lettable area

for fixed interest rate swaps and we hedge the FX exposure of our RMB income sources for distribution on a 6 months rolling basis.

The blended annualized all-in interest rate for the ECW loans was 5.3%.

## Outlook

China's economy expanded 6.9%<sup>1</sup> for the full year 2017 which was the first annual acceleration for the economy since 2010, beating the government's target of 6.5%. Hangzhou's GDP growth was 8.0%<sup>2</sup> in 2017, outstripping the national average. The e-commerce sector in Hangzhou continues to expand at rapid pace, increasing by 36.6%<sup>3</sup> in 2017. According to China's National Bureau of Statistics, online retail sales in China grew 32.2% in 2017, exceeding the growth rate in 2016 by 6 percentage points.

ECW's 6 assets are all located in Hangzhou, benefiting from Hangzhou's vibrant economic growth. Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse are both e-commerce focused assets which are expected to benefit from the continued strong growth of the e-commerce sector in China. Barring unforeseen circumstances, the 6 assets in the portfolio are expected to continue to achieve full committed occupancy and stable organic growth.

Furthermore, ECW targets to increase its asset portfolio through yield accretive acquisitions from the pipeline of ROFR assets from the Sponsor as well as third party logistics assets, in China as well as in fast growing markets in Southeast Asia.

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<sup>2</sup> National Bureau of Statistics

<sup>3</sup> Hangzhou Bureau of Statistics

<sup>4</sup> Hangzhou Bureau of Statistics



## 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 initial portfolio of six quality properties located 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, 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. 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](http://www.forchn.com.cn)

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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.