

NEWS RELEASE

EC WORLD REIT Delivers Distribution Per Unit of 1.158 cents for 1QFY2020

- *Distribution largely impacted by rental rebates provided to tenants in response to COVID-19 but mitigated by organic growth and contribution from Fuzhou E-Commerce acquired in August 2019*
- *Stable capital structure with Weighted Average Debt Expiry of 2.37 years. No significant short-term refinancing requirement*
- *Distribution Per Unit (“DPU”) of 1.158 cents¹ for 1QFY2020 translating to annualized distribution yield of 8.3%²*
- *Long term outlook for China logistics sector remains healthy with short-term volatility expected due to fluidity of the global COVID-19 situation and macroeconomic uncertainties*

Summary of Results:

	1QFY2020 S\$'000	1QFY2019 S\$'000	Change %
Gross Revenue	23,534	23,857	(1.4)
Net Property Income (“NPI”)	21,138	21,185	(0.2)
Amount Available for distribution	9,788	11,923	(17.9)
Distribution to Unitholders	9,298	11,923	(22.0)
DPU (Cents)	1.158	1.501	(22.9)

Singapore, 12 May 2020 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) wishes to report DPU of 1.158 cents for the quarter ended 31 March 2020, a 22.9% decline year-on-year largely due to rental rebates provided to tenants in March 2020 in response to the COVID-19 situation. DPU would have been 1.529 cents without the rental rebates.

¹ For 1QFY2020, the Manager has opted to retain 5.0% of amount available for distribution and elected to pay 50% of the management fee in cash and 50% in units

² Based on annualized 1QFY2020 DPU of 4.657 cents and Unit Price of S\$0.560 per Unit as at 31 March 2020



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Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “In the first quarter of 2020, the Chinese Government took decisive actions to contain the spread of the COVID-19. Cities in China were locked down and the Spring Holidays were extended. These actions, while necessary, put a strain on businesses country-wide. In an unprecedented and undoubtedly challenging operating environment, the Manager continues to work closely and diligently with our stakeholders to ensure the safety of our employees, tenants and partners so as to optimize the performance of ECW’s asset portfolio.

While the COVID-19 situation has stabilized and improved in China with economic activities and production resuming gradually, significant macroeconomic uncertainties are likely to persist in the near term. As such, for the sake of prudence and maintain financial fluidity, the Manager decided to retain 5% of ECW’s amount available for distribution in 1QFY2020.”

Proactive Response to COVID-19

On 3 April 2020, the Manager announced rental rebates amounting to approximately RMB 23.7 million provided to tenants within ECW’s portfolio in efforts to mitigate the adverse impact of COVID-19 on tenants’ operations. Furthermore, as a show of togetherness and solidarity with its stakeholders, key management personnel and the Directors of the Manager will be taking a 10% reduction in remuneration and fees for the 3-month period from April 2020 to June 2020. In addition, Mr Zhang Guobiao, Chairman of the Manager, donated essential medical supplies to Singapore through the Sponsor and the Manager to support Singapore in the fight against COVID-19.

Portfolio Update

As at 31 March 2020, occupancy rate remains healthy at 99.1% with a weighted average lease to expiry of 3.8 years (by gross rental income).

In 1QFY2020, gross revenue and NPI declined by 1.4% and 0.2% to S\$23.5 million and S\$21.1 million respectively. The impact of the rental rebates was partially mitigated by organic growth within the portfolio as well as contribution from Fuzhou E-Commerce which was acquired in August 2019.



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In RMB terms, gross revenue and NPI were 0.1% and 1.2% higher respectively compared to 1Q2019 attributed to revenue from Fuzhou E-commerce which was acquired in August 2019 and organic rental escalations and offset by the rental rebates³.

As at end-March 2020, the operations of ECW's tenants and underlying operations of its master leases have restarted and are mostly back to normal with migrant workers returning to their work.

Stable Capital Structure

As at 31 March 2020, ECW has a weighted average debt expiry of 2.37 years with no significant refinancing requirements in the short-term. Aggregate leverage was 38.6% with a blended running interest rate of 4.3%.

The Manager continues to undertake a proactive approach in its hedging strategy. The Manager entered into FX option contract to lock in SGDRMB 6 months forward for ECW's RMB income source for its 2QFY2020 distribution. In addition, 100% of the interest rate risk of ECW's offshore loans are hedged 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 China's National Bureau of Statistics, China's Gross Domestic Product ("GDP") contracted by 6.8% in the first quarter of 2020 compared to a year ago⁴, its first economic contraction since 1992 when the official release of the data started. Compared to 4Q2019, GDP declined 9.8%. While majority of China's businesses have resumed operations in March 2020 after shutdowns, global demand remains lacklustre as countries worldwide continue to battle the COVID-19 situation⁵.

While the long-term fundamentals for the logistics sector in China continue to be healthy, short term volatilities are likely given the fluidity of the COVID-19 situation globally and the resultant significant macroeconomic uncertainties. According to Occupier Flash Survey in

³ After straight-line, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms were 0.9% and 1.4% higher respectively compared to 1Q2019

⁴ National Bureau of Statistics, China: http://www.stats.gov.cn/english/PressRelease/202004/t20200417_1739339.html

⁵ Channelnewsasia: China's Q1 GDP posts first decline on record as COVID-19 shuts down economy
<https://www.channelnewsasia.com/news/business/china-gdp-covid-19-economy-decline-coronavirus-12651092>



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Mainland China by CBRE, 71% of respondent expect business environment in China to improve or stable in 2H 2020. 82% of respondent will delay leasing decisions, mainly for site visits and renewal plans as a result of the COVID-19 situation⁶. 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 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/>

For queries, please contact:

Ms Sabrina Tay
Senior Manager, Investor Relations
EC World Asset Management Pte. Ltd.
Tel: +65 6221 9018
Email: ir@ecwreit.com | sabrinatay@ecwreit.com

⁶ CBRE Research: <https://www.cbre.com/research-and-reports/Occupier-Flash-Survey--Mainland-China>



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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.