

## NEWS RELEASE

### EC WORLD REIT Reports 9.0% Y-o-Y Growth in DPU in 3Q18

- *Strong and Stable Distribution Per Unit (“DPU”) of 1.57 cents<sup>1</sup>, translating to a DPU yield of 8.7%<sup>2</sup>*
- *Asset portfolio continues to deliver stable performance with committed occupancy of 99.2%, unaffected by the current macroeconomic uncertainties*
- *Proactively manage capital and FX risks while adopting a disciplined investment strategy focused on value creation for unitholders*

#### Summary of Results for 3Q18:

	3Q18 S\$'000	3Q17 S\$'000	Change %
Gross Revenue	23,891	23,866	0.1
Net Property Income	22,199	22,086	0.5
Distributable Income	12,414 <sup>1</sup>	11,281	10.0
DPU (Cents)	1.570 <sup>1</sup>	1.440	9.0

**Singapore, 7 Nov 2018** – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) is pleased to announce a resilient set of results for the financial quarter ended 30 September 2018.

Net Property Income (“NPI”) increased 0.5% to S\$22.2 million primarily attributable to contribution of the newly acquired Wuhan Meiluote and partially offset by a weaker RMB in 3Q18. Distributable income and DPU grew by 10% and 9% year-on-year respectively due to the higher NPI, absence of withholding tax for distribution in 3Q18 as well as lower trust expenses. Excluding the WHT impact incurred in 3Q17, the DPU grew 2.3% year-on-year.

<sup>1</sup> The Manager has resolved to distribute 99.1% of the capital distribution to Unitholders for 3Q18

<sup>2</sup> Annualized based on 9MYTD18 DPU of 4.609 Singapore cents and the closing price of S\$0.705 on 30 September 2018



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Commenting on the results, Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “We are delighted to deliver another quarter of healthy distributions for our unitholders despite the macroeconomic headwinds and global uncertainty. EC World REIT’s assets are generally unaffected as the tenants within the portfolio serve primarily the domestic China market focused on domestic consumption. As such, we do not expect the ongoing global uncertainty to have material negative impact on the operation of our assets.”

### **Resilient Portfolio Performance**

As at 30 September 2018, the committed portfolio occupancy was 99.2% while the weighted average underlying end-tenant occupancy<sup>3</sup> was 96.9%.

Gross revenue and NPI were S\$23.9 million and S\$22.2 million, a 0.1% and 0.5% increase y-o-y respectively attributable to revenue contribution from Wuhan Meiluote which was partially offset by the weakening of RMB.

### **Disciplined Investment Strategy**

On 16 October 2018, in line with the interests of unitholders and in consultation with the Manager’s Independent Directors, the Manager announced that it has decided not to acquire the right of use and economic benefits of Stage 2 Properties of Bei Gang Logistics in Hangzhou for a purchase consideration of RMB 702.5 million offered by the Sponsor. The potential transaction will not be accretive to the distribution per unit of EC World REIT at the stated purchase consideration.

The Manager will continue its disciplined investment strategy to actively pursue high quality and yield-accretive investment opportunities in China and Southeast Asia.

### **Prudent Capital Management**

As at 30 September 2018, ECW’s aggregate leverage remains healthy at 30.7%. This provides the REIT with available debt headroom for growth and future acquisitions. The blended annualized running interest rate for ECW loans was 4.4%.

In order to protect the unitholders from the fluctuations of currency movement, the Manager adopts a prudent FX strategy to hedge majority of projected distributions every

<sup>3</sup> By net lettable area

quarter on a 6-month rolling basis. The strategy is implemented through entering into a put spread options structure. Furthermore, the interest exposure of our offshore SGD loans continues to be fully hedged through an interest rate swap.

### **Inclusion into Indices**

EC World REIT has been included in the FTSE ST China Index and the FTSE Singapore Shariah Index in September and October 2018 respectively. These inclusions signify a strong endorsement by the investment community and elevate the profile of EC World REIT, potentially leading to heightened investors' interest and trading liquidity. The Manager will continue on its investors outreach initiatives to inform the investing community on the key investment merits of EC World REIT.

### **Outlook**

The Chinese Gross Domestic Product ("GDP")<sup>4</sup> advanced 6.5% in 3Q18 versus a 6.7% growth in the previous quarter. For the first nine months of 2018, the national GDP increased 6.7% y-o-y. Online retail sales in China grew 27.0% y-o-y, compared to with a 9.3% growth in total retail sales of consumer goods for the first nine months of 2018.

Hangzhou's GDP<sup>5</sup> grew 7.3% y-o-y in first nine months of 2018, surpassing the national average by 0.5%. The e-commerce sector grew 15.0%, contributing to 23% of GDP. Total retail sales of consumer goods increased 9.6% to RMB410.1 billion, while online retail sales increased 23.2% to RMB340 billion. Wuhan continued on its 7th quarter of economic growth with GDP registering 8.3%<sup>6</sup> growth. Total retail sales grew 10.4% for the first nine months of 2018 to RMB486.3 billion with online retail sales increasing 34.6% to RMB40.8 billion.

Our port logistics assets are located along the largest inland port (Chongxian Port) in Hangzhou which only handles domestic business with no international trade exposure. Similarly, our e-commerce and specialized logistics assets are also focused on the domestic logistic sector and will continue to benefit from the strong economic growth of Hangzhou and Wuhan (both outperforming national averages). The Manager is

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

<sup>5</sup> Hangzhou Bureau of Statistics: <http://tjj.hangzhou.gov.cn>

<sup>6</sup> Wuhan Bureau of Statistics: <http://www.whstj.gov.cn>



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monitoring any currency movement closely and will continue to adopt a proactive FX hedging strategy to mitigate risk.

Last but not least, the Manager will continue to execute its growth strategy to expand its current portfolio through yield accretive acquisitions in China and Southeast Asia on a yield accretive basis.

- End -

## **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 seven 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](http://www.forchn.com.cn) or <https://forchn-intl.com/>

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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.