

NEWS RELEASE

EC WORLD REIT Reports 2.6% Higher DPU for FY2018; Proposes Entry into New Master Lease Agreements to Significantly Lengthen Lease Expiry Profile

- 2.6% year-on-year (“y-o-y”) increase in DPU to 6.179 Singapore cents per unit for FY2018, translating to distribution yield of 9.0%¹
- Proposed Entry into new Master Lease Agreements (“MLA”) to lengthen existing MLAs expiries by four more years provides strong income visibility to EC World REIT; Portfolio WALE extends from 2.0 years to 4.8 years²
- Stable portfolio with continued resilient operating performance despite challenging macroeconomic environment

Summary of Results:

| | 4QFY18 S\$'000 | 4QFY17 S\$'000 | Change % | FY18 S\$'000 | FY17 S\$'000 | Change % |
|-----------------------------|-------------------|-------------------|-------------|-----------------|-----------------|-------------|
| Gross Revenue | 23,473 | 20,678 | 13.5 | 96,229 | 91,368 | 5.3 |
| Net Property Income | 20,840 | 17,945 | 16.1 | 87,336 | 82,704 | 5.6 |
| Distribution to Unitholders | 12,441 | 11,802 | 5.4 | 48,801 | 47,117 | 3.6 |
| DPU (Cents) | 1.570 | 1.504 | 4.4 | 6.179 | 6.025 | 2.6 |

Singapore, 22 February 2019 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) is pleased to conclude the financial year with a resilient set of financial and operating results. 4Q18 DPU came in at 1.57 Singapore cents, representing a 4.4% increase y-o-y while the full year DPU rose 2.6% to 6.179 Singapore cents.

The Manager is also pleased to announce that it will be seeking unitholders’ approval for the proposed entry into the New Master Lease Agreements in relation to Stage 1 Properties

¹ Computed based on FY18 DPU of 6.179 Singapore cents and the closing price of S\$0.69 per unit on 31 December 2018

² Weighted Average Lease to Expiry (“WALE”) by Gross Revenue is expected to extend from 2.0 years as at 31 December 2018 to 4.8 years post-entry into New Master Lease Agreements

of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse (the “**New Master Lease Agreements**”).

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “Despite the challenging macroeconomic environment, we are pleased to deliver 2.6% growth in DPU y-o-y in FY18 to close off the year. Our portfolio continues to perform well with committed occupancy remaining high at 99.2%. Furthermore, the New Master Lease Agreements, which are subject to unitholders’ approval, will significantly extend our lease expiries, providing income certainty and sustainability with built-in escalations.”

Resilient Portfolio Performance and Asset Management Strategies

The operating performance of ECW’s portfolio of assets remained resilient. Net property income grew 5.6% year-on-year mainly due to contribution from Wuhan Meiluote which was acquired in April 2018 as well as organic growth from built-in rental escalation and positive rental reversion on new leases signed during the year. The committed portfolio occupancy remains high at 99.2% while the weighted average underlying end-tenant occupancy³ was 96.9%. Weighted Average Lease to Expiry (“WALE”) as at 31 December 2018 stands at 1.9 years and 2.0 years by Net Lettable Area and Gross Revenue respectively.

Prudent and Proactive Capital Management

ECW’s aggregate leverage remains healthy at 31.5% ECW as at 31 December 2018. The blended annualized running interest rate for the financial year was 4.3%.

The Manager continues to adopt a prudent FX strategy to protect the unitholders from the fluctuations of currency movement. Majority of projected distributions are hedged every quarter using a put spread options structure on a 6-month rolling basis. Interest exposure of our offshore SGD loans continues to be fully hedged through an interest rate swap.

Proposed Entry into New Master Lease Agreements

The Manager has also announced today the proposed entry into the New Master Lease Agreements in relation to Stage 1 Properties of Bei Gang Logistics, Chongxian Port

³ By net lettable area

Investment and Fu Heng Warehouse subject to unitholders' approval. Key rationale for the New Master Lease Agreements are:

- provide predictable cash flow and income viability to EC World REIT, ensuring stable and sustainable returns to Unitholders;
- the annual fixed rent will limit downside risks and provide predictability in returns while built-in escalation will provide organic growth
- significantly extend portfolio WALE from 2.0 years to 4.8 years (by gross revenue);
- demonstrates strong support from the Sponsor and alignment of interest between the Sponsor and Unitholders

Outlook

The Chinese Gross Domestic Product ("GDP") expanded 6.6% year on year. Online retail sales in China grew 23.9% Year-on-Year ("YoY"), compared to a 3.4% growth in total retail sales of consumer goods⁴ for 2018. Hangzhou's GDP grew 6.7% in 2018⁵. Total retail sales of consumer goods increased 9.0% to RMB571.5 billion while online retail sales increased 23.3% to RMB530.4 billion.

The macroeconomic environment continues to be challenging in light of the ongoing US-Sino trade tension. Top policy makers in China indicated that monetary and fiscal measures will be implemented to stimulate the economy in 2019. For instance, China will reduce the tax burden for small and micro-sized companies by RMB200 billion per year for the next three years along with reduction in land-use tax, city-maintenance tax, stamp duty, resource tax and farmland-conversion tax as well as personal tax⁶.

The Manager announced the proposed entry into the New Master Lease Agreements for Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse. This will significantly extend ECW's weighted average lease to expiry, provide income certainty and sustainability with organic growth through built-in rental escalations.

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

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

⁶ Bloomberg: 09 Jan 2019: China Announces \$29 Billion Annual Tax Cut for Small Companies

On the investment front, the Manager will continue to proactively pursue attractive yield-accretive investments from the Sponsor as well as third party logistics assets, in China and in fast growing markets in Southeast Asia.

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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 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 or <https://forchn-intl.com/>

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EC World
运通网城 REIT

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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.