

PRESS RELEASE
For Immediate Release

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EcoWorld Malaysia sales + bookings exceed RM1 billion since start of CMCO
EcoWorld International sees strong return in London from global investors

KUALA LUMPUR: Eco World Development Group Berhad (EcoWorld Malaysia) and Eco World International Berhad (EcoWorld International) announced their results for the 2Q 2020.

Key highlights include the following:

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- 2Q 2020 was a quiet quarter due to the implementation of the Movement Control Order (MCO) by the Malaysian Government from 18 March to 3 May 2020. This resulted in a lower Profit After Tax (PAT) of RM21.4 million being recorded by EcoWorld Malaysia due to the mandatory closure of all its sales galleries and construction sites throughout the MCO period.
- However, the Group experienced a significant rebound in sales + bookings which have exceeded RM1 billion since the start of the Conditional MCO (CMCO) on 4 May 2020.
- The signing of an agreement between BBCC Development Sdn Bhd and Mitsui Fudosan (Asia) Malaysia Sdn Bhd to form a joint-venture company (MFAM JVCo) to purchase a serviced residence block in the BBCC development for RM242 million also contributed to the strong sales achieved.
- As at 15 June 2020, EcoWorld Malaysia's sales for FY2020 have reached RM975 million – this enabled its future revenue position to remain high at RM4.6 billion. In addition, the Group has a further bookings pipeline of approximately RM600 million which it is working to convert into secured sales over the next few months.
- Construction works which had to be halted temporarily during the MCO have also fully resumed on all its project sites since mid-June. Whilst the Group's financial results for the first half of 3Q 2020 (May – mid-June) will continue to be impacted by the MCO site closures, revenue and profit recognition for the 2nd half of 3Q (mid-June – July) & 4Q 2020 are expected to be back on track as EcoWorld Malaysia's healthy future revenue position is progressively translated into earnings.

EcoWorld International

- The Group recorded PAT of RM20.5 million in 2Q 2020 as opposed to a loss before tax of RM11.6 million in 2Q 2019. This is mainly due to completion and handover of higher numbers of units sold to customers, as well as revenue and profit recognition of EcoWorld London's Built-to-Rent ("BtR") sales.
- EcoWorld International's sales improved in 2Q 2020 despite various Covid-19 measures imposed in both the UK and Australia. Sales momentum gained further strength in the first six weeks of 3Q 2020, bringing total YTD sales as at 15 June 2020 to RM808 million.
- The Group's mid-market projects under EcoWorld London have enjoyed resilient local demand throughout. International demand is also on the rise for its other UK projects with recent strong buying from Hong Kong as well as growing interest from other global markets.

- In addition, EcoWorld International has garnered increased institutional interest for its BtR properties in the UK and is targeting to close a BtR deal within the current financial year.
- On the completions front, EcoWorld International recently started handing over its West Village, Australia project in early June 2020. Following a 2-3 months slowdown in site progress due to Covid-19 preventive measures, works have fully resumed in both UK and Australia and the Group targets to commence handing over of units at Wardian, London and Yarra One, Melbourne beginning in 4Q 2020 and continuing through 1Q 2021.
- Accordingly, EcoWorld International expects that a significant portion of its effective future revenue of close to RM4.6 billion as at 15 June 2020 will be translated into earnings within FY2020 and FY2021.

Comments on EcoWorld Malaysia's performance and prospects for FY2020

“We are delighted that sales have rebounded strongly for EcoWorld Malaysia since the re-opening of our sales galleries on 4 May 2020. The hard work our team put in to engage and connect with our customers and prospective purchasers digitally and via social media platforms throughout the MCO is really showing results. Within the first 6 weeks of the CMCO up to 15 June 2020 we managed to achieve more than RM1 billion in sales + bookings across our various projects located in the Klang Valley, Iskandar Malaysia and Penang,” said Dato’ Chang Khim Wah, President & CEO of EcoWorld Malaysia.

“The announcement of the agreements on 10 June 2020 for the en-bloc sale of the serviced residence block in BBCC to the MFAM JVCo was also an important moment for the Group. Apart from contributing to the sales achieved, it signifies the unwavering confidence of one of Japan’s largest conglomerates both in the BBCC project and Malaysia’s continued attractiveness as an emerging global destination for real estate investment,” Chang noted.

The widespread disruption caused by the Covid-19 pandemic did have one unfortunate consequence for the Group however. This is in relation to the proposed joint-venture with the PowerChina Group to jointly develop 117 acres of land at Eco Business Park (EBP) V which was announced in FY2019.

PowerChina was not able to obtain the Chinese Outbound Investment Approval for its investment into the project. Accordingly, the parties are in the midst of discussion to mutually terminate the joint-venture agreement and the sale and purchase agreement with the JVCo for the project land. Following the termination, the 117 acres will be developed by the Group directly as part of its overall EBP V development.

“Although we are disappointed that this joint-venture with the PowerChina Group will not eventuate, we remain open to future opportunities to work together. We are also confident that our own development of the 117 acres will continue to do well. Covid-19 has undoubtedly affected all businesses to a greater or lesser degree but Malaysia’s long-term fundamentals remain sound. Our proposed development of the land, coupled with its location in a fast-emerging corridor with substantial completed and on-going infrastructural investment to further improve connectivity, drew very good response from local and foreign industrialists throughout our pre-launch marketing roadshows. This includes industrialists from China that we met over the last year which we will continue to actively engage with to identify businesses that are planning to expand or relocate part of their operations to Malaysia.

As such we believe that once travel restrictions are further relaxed, the efforts we have made to promote the project will bear fruit, supported by the attractive incentives under PENJANA to attract FDIs, particularly those in the manufacturing sector,” Chang commented.

With regards the Group's prospects for the rest of FY2020, Chang believes that the strong momentum since the start of the CMCO will be sustained.

"The announcement of the PENJANA incentives for the property sector on 5 June 2020 including the re-introduction of the Home Ownership Campaign (HOC) definitely contributed towards the strong uptick in interest. Despite the many challenges experienced by the sector and economy, we were pleased to note that buying interest remains strong. If anything, after being stuck at home for almost 2 months during the MCO, many have come to realise how important it is to have a good home. This led to a greater appreciation for EcoWorld projects that offer well designed homes within secured environments with comprehensive amenities and services within a 10 km radius that can meet the lifestyle needs of every generation in the post-Covid 19 new normal," Chang commented.

Apart from the HOC incentives, the historic low mortgage rates following a 100 basis points cut in interest rates since the start of 2020 also makes this the best time for Malaysians to enter the property market, upgrade to their desired home or invest in good properties as a hedge against inflation.

"We are also working hard to launch the products under our new *Duduk* brand in 4Q 2020. *Duduk* offers a fresh perspective on vertical township living and we have two new projects, Huni @ Eco Ardence and Se.Ruang @ Eco Sanctuary comprising 1,000 sq ft semi-furnished apartments priced below RM400,000 to cater to the needs of the M40 group," Chang mentioned.

In addition to *Duduk*, the Group is targeting to secure the necessary approvals to launch Eco Botanic 2 in Iskandar Malaysia that will offer landed homes priced between RM500,000 to RM800,000 which are ideal for young families within the M40 group. This project is slated for launch either in 4Q 2020 or 1Q 2021.

Registrations of interest for both *Duduk* and Eco Botanic 2 have been extremely encouraging. Many are keen to purchase a home at these very attractive prices given that they stand to benefit from the extensive infrastructure and amenities available within the matured EcoWorld townships where the projects are situated.

Comments on EcoWorld International's performance and prospects for FY2020

"The recovery in demand for UK properties which began in 1Q 2020 continued through 2Q 2020 despite various Covid-19 measures imposed during the quarter. We were able to migrate our marketing and customer engagement efforts seamlessly onto digital platforms to reach out to prospective home buyers and target the work-from-home populations. This enabled us to grow our sales from RM314 million achieved in 1Q 2020 to a total of RM808 million for the year-to-date up to 15 June 2020," said Dato' Teow Leong Seng, President & CEO of EcoWorld International.

"Apart from steady local demand for our mid-market projects under EcoWorld London, we were particularly happy to note that there is a sustained recovery in international interest for our other UK properties especially those located in Central London. The city's stature as the global real estate capital of the world remains undiminished and the present weakness in the sterling has made properties here even more affordable to international investors," Teow remarked.

Recent proposed changes to the UK visa system that could pave the way to eventual citizenship for 3 million Hongkongers (and their dependents) who hold or are eligible for a British National (Overseas) passport have fueled strong demand from Hong Kong which the Group has been able to tap on. Demand is also returning from other global cities as sophisticated investors continue to seek out UK residential properties, attracted by the sustained tenancy demand and stable rents tracking inflation, particularly in London.

More importantly for EcoWorld International, it has been experiencing increased institutional interest for its Build-to-Rent (BtR) properties in the UK. Following the Covid-19 outbreak, residential properties in London have emerged as a safer asset class given the resilience of end-user demand compared to commercial and retail properties. Lower interest rates across advanced economies have also reduced the return expectation on real estate assets, which bodes well for the valuation of the Group's BtR projects.

“We are currently marketing a major BtR development at our Barking Tesco site that has approximately 1,700 units with a potential GDV of GBP500 million. The project comprises 3 phases which we can choose to sell to separate investors or to a single investor based on the best offer received. We have received overwhelming interest from institutions from the US, Canada, Europe, Middle-East, and Asia which we have narrowed down to 15-20 serious prospects. We are targeting to close a deal for at least 1 phase of the project within the current financial year. Combined with the expected improvement in the Open Market Sale side of our business, this should contribute towards the growth of the Group's future revenue position and hence the sustainability of our earnings going forward,” Teow shared.

About Eco World Development Group Berhad (EcoWorld Malaysia)

EcoWorld Malaysia is a public listed Malaysian company involved mainly in property development. The Group is led by some of the most well-known and respected players in the property industry.

It has secured approximately 8,126.4 acres of land bank with a total gross development value (GDV) of RM87.5 billion. Currently, EcoWorld Malaysia has a presence in the Klang Valley, Iskandar Malaysia and Penang with 20 projects in total comprising a product range that includes affordable, upgrader and luxury homes, integrated high-rise developments and green business parks.

Through Eco World International Berhad (EcoWorld International), the brand has also extended its reach to the United Kingdom and Australia.

EcoWorld Malaysia is honoured to be one of the Top 10 Developers at The Edge Malaysia Property Excellence Awards since 2016 and also proud to be named ‘Best of the Best Employers - Malaysia’ in AON's Best Employer Studies in 2016 and 2017.

About Eco World International Berhad (EcoWorld International)

EcoWorld International is a public company listed on the Main Market of Bursa Malaysia Securities Berhad on 3 April 2017. Its core business involves property development outside Malaysia. It has existing and upcoming projects in the United Kingdom and Australia with total gross development value of GBP4.8 billion and AUD716 million respectively.

Major shareholders in EcoWorld International are Eco World Development Group Berhad – a well-known Malaysian property developer and GuocoLand Limited – a public company listed on the Singapore Exchange.

EcoWorld International's entry into UK began with the EcoWorld-Ballymore joint-venture that is currently developing three prime waterside residential projects in London. In 2018, EcoWorld London was launched giving EcoWorld an immediate presence in the highly resilient UK mid-mainstream market and the fast-growing Build-to-Rent sub-sector.

Over in Australia, the Company is also developing West Village in Sydney's second central business district of Parramatta and Yarra One in Melbourne's charming South Yarra neighbourhood.

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