

PRESS RELEASE

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For Immediate Release

**EcoWorld Malaysia records 35% increase in Profit After Tax for 1H FY2019
EcoWorld International on track for stronger 2H FY2019 & 2nd BTR deal**

KUALA LUMPUR: Eco World Development Group Berhad (EcoWorld Malaysia) and Eco World International Berhad (EcoWorld International) announced their results for the first half of FY2019. Key highlights include the following:

EcoWorld Malaysia

- Profit After Tax (PAT) increased by 35% from RM52.9 million in the previous year to RM71.5 million for the 6 months ended 30 April 2019. This is due to the strong growth in revenues achieved by ***Eco Grandeur, Eco Ardence, Eco Horizon*** and ***Bukit Bintang City Centre (“BBCC”)*** which increased the Group’s share of results from its Malaysian joint-ventures from RM7.27 million in the previous year to RM37.63 million in the current year.
- EcoWorld Malaysia also saw a strong rebound in sales following the official launch of the National Home Ownership Campaign (“NHOC”) on 1 March 2019. Total sales achieved in the first seven months of FY2019 has reached RM1.026 billion, a substantial improvement of close to RM800 million over 3 months, aided by the Group’s attractive Help2Own and Stay2Own solutions under its own HOPE Campaign.
- Based on the current sales momentum and numerous initiatives undertaken by the Group to make every EcoWorld project the best place to live, work and do business in, EcoWorld Malaysia is confident of a better 2H FY2019. This positive outlook is underpinned by its effective stake in the future revenue of properties sold by its subsidiaries and joint-ventures amounting to RM6.09 billion as at 31 May 2019 and supported by EcoWorld International’s bright prospects going forward as set out below.

EcoWorld International

- PAT for the 6 months ended 30 April 2019 was RM10.77 million as compared to a loss of RM36.6 million in the prior year corresponding period. Whilst a net loss was recorded in 2Q FY2019 due to the completion method of earnings recognition adopted in the UK, EcoWorld International is on track to record substantially higher profit in 2H FY2019 as compared to 1H FY2019. This is based on the targeted handovers of several additional residential blocks in the next few months mainly by ***London City Island*** and ***Embassy Gardens*** in the UK which will enable profits from these sales to be recognised in the upcoming quarters of FY2019.
- EcoWorld International recorded RM586 million sales in the first 7 months of FY2019, a marked increase from the 1st four months’ sales of RM146 million. Its new EcoWorld London joint-venture offering products averaging from GBP500 psf to GBP800 psf contributed more than 50% of the sales achieved during this period. This demonstrates the resilience of the mid-mainstream London market despite weak overall homebuyers’ sentiment and Brexit uncertainties.
- EcoWorld London is actively pursuing new Build-to-Rent (BtR) opportunities to tap into the growing institutional demand for purpose-built BtR developments in the UK and targets to finalise the terms for a sizeable deal before the end of the year. This is expected to contribute significantly towards the achievement of the 2-year sales target of RM6 billion set for FY2019 and FY2020.

Comments on EcoWorld Malaysia's performance & prospects for FY2019

Dato' Chang Khim Wah, President & CEO of EcoWorld Malaysia said: "We are delighted to note that sales activities have picked up in a sustained manner since 1 March 2019. Thanks to the NHOC, it is truly a buyer's market today. However, despite the extremely competitive landscape, interest in all our developments remain strong."

"Based on our engagement with customers on the ground, we are grateful that our hard work to create thoughtful and distinctive developments have not gone unnoticed. Purchasers continue to be drawn to our steadfast commitment to value creation and customer service as they seek out properties that not only meet their current lifestyle needs but also have the potential to appreciate in value as the projects mature," Chang continued.

He also noted that whilst the sectoral outlook in Malaysia continues to be challenging, there are green shoots emerging as a good number of saleable unsold units would have been cleared from the system as a result of the NHOC. This will enable the market to recalibrate to its natural level going forward, supported by the country's relatively young demographic and continuing new household formation.

"As we look ahead to the rest of 2019, we are pleased that our Life@EcoWorld concepts introduced at the start of this year to mark the next stage of our evolution as a developer is really gaining traction. Through this initiative, we aim to marry the establishment of digitally enabled communities using 4th IR (industrial revolution) solutions together with Integrated Wellness & Care components to look after our customers at every stage of their lives," Chang.

The Group's efforts to uplift its knowledge and skill-sets on integrated wellness received a boost when it signed two agreements with the renowned Kaohsiung Medical University Hospital (KMUH) of Taiwan together with its local partner Aged Care Group earlier this year. This tie-up with KMUH will enhance EcoWorld Malaysia's capabilities in creating holistic living environments with unique "ageing in place" features, which is defined as the ability to live in one's own home and community safely, independently, and comfortably, regardless of age, income, or ability levels.

Beginning with Eco Sanctuary, these services are proposed to be extended to the Group's other projects in the Klang Valley, Penang and Iskandar Malaysia as our country prepares itself to be an ageing nation where more than 10% of our population will be 60 years and older by 2020.

On 14 June 2019, EcoWorld Malaysia also signed two landmark deals with the PowerChina Group, an infrastructure, construction and real estate group ranked 182 on Fortune's Global 500 companies in 2018. The first is for the joint development of 117.35 acres of industrial land to be known as **Eco Business Park V, Phase 2** which will accelerate the development of **Eco Business Park V** in line with the Group's aims to make it not only one of the best industrial parks in the country, but also a key job centre offering quality employment opportunities for the people of Selangor.

The second agreement is a Memorandum of Understanding between EcoWorld Malaysia and the infrastructure arm of the PowerChina Group to jointly bid for infrastructure projects in Malaysia. Whilst it is too early to elaborate on the potential benefits of this deal, the Board is gratified that the PowerChina Group has not only selected an EcoWorld project for their very first industrial real estate venture here, but is also choosing to work with EcoWorld to bid for potential infrastructure projects in Malaysia.

Comments on EcoWorld International's performance & prospects for FY2019

Dato' Teow Leong Seng, President & CEO of EcoWorld International said: "The strong sales contributions by our new EcoWorld London projects over the last three months validates our strategic decision to venture into the mid-mainstream London residential sector where demand remains robust notwithstanding protracted Brexit headwinds."

"On the financial front, we are also expecting much better results for 2H FY2019. Given the completion method of earnings recognition adopted for open market sales in the UK and Australia, profits for EcoWorld International are naturally lumpy. As at 30 April 2019, we have delivered 608 private units to our purchasers, the bulk of which took place in 4Q FY2018 and 1Q FY2019 – this accounted for the higher profits in those quarters. With several large residential blocks due to be handed over within the next few months, we should be able to recognise the profits from these units sold in 2H FY2019," Teow commented.

Beyond the current financial year, the Group expects to deliver Wardian London, West Village and Yarra One in FY2020. A sizeable portion of EcoWorld International's effective stake in the future revenue of properties sold amounting to RM6.6 billion as at 31 May 2019 is therefore anticipated to be translated into its revenue and share of profits from joint ventures in FY2019 and FY2020.

Teow further shared that the Group's efforts to build a sustainable earnings pipeline beyond FY2020 is progressing well. EcoWorld London launched its *Verdo* residential blocks in Kew Bridge in February 2019 which has achieved a healthy take-up rate of 43% to date, supported by good responses from both local and foreign homebuyers. This positive response led to the launch of a new phase of *Millbrook Park (Phase 2)* in May 2019 to cater to the large number of downsizers in the matured locale.

"Our Build-to-Rent (BtR) business in the UK is also going from strength to strength and we expect this segment to be a significant driver of EcoWorld International's growth in the UK. In this regard, we are busy negotiating with institutional investors, submitting planning applications and securing funding for a proposed deal which we aim to finalise before the end of the year. Along with the remaining projects planned for launch under the EcoWorld London portfolio, these efforts will not just contribute towards meeting our sales target for FY2019 & FY2020, it will also extend EcoWorld International's earnings visibility well beyond FY2020 as they are targeted for completion from FY2021 onwards," Teow commented.

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 & 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 11 projects in the United Kingdom and three in Australia with total gross development values of GBP4.1 billion and AUD697 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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