

PRESS RELEASE
For Immediate Release

24 September 2020

EcoWorld Malaysia achieved RM1.25 billion sales in 4 months post MCO
EcoWorld International records maiden profits from Australian project

KUALA LUMPUR: Eco World Development Group Berhad (EcoWorld Malaysia) and Eco World International Berhad (EcoWorld International) announced their results for the 3Q 2020.

Key highlights include the following:

EcoWorld Malaysia

- EcoWorld Malaysia recorded Profit After Tax of RM13.8 million in 3Q 2020 notwithstanding a decision made to write-down inventories by RM65 million. Consequently, gross profit margins for the quarter was lower at 11.4%; excluding the impact of the write-down, the gross profit margin would have been 25.1% which is higher than the amount recorded in 3Q 2019 of 21.5%.
- Rapid conversion of bookings following the re-opening of the Group’s sales galleries on 4 May 2020 enabled RM1.25 billion sales to be secured in the 4 months immediately after the MCO.
- As at 31 August 2020, total Malaysian sales recorded in FY2020 amounted to RM1.58 billion and the Group’s effective share of future revenue from locked-in sales, including its share of EcoWorld International’s future revenue, stands at RM4.42 billion.
- Future revenue from Malaysian projects alone remains very high at RM3.36 billion. Apart from providing clear earnings visibility, the bulk of the sales achieved are also backed by end-financing loans secured, which generated strong cash inflows.

- This resulted in a steady improvement in EcoWorld Malaysia’s gearing position as follows:

	@ 31 Oct 2019	@ 31 July 2020
Gross Gearing	0.83	0.74
Net Gearing	0.70	0.64

- The upcoming launch of the **duduk** series of vertical townships in 4Q 2020 in the Klang Valley, **Eco Botanic 2** township in 1Q 2021 in Iskandar Malaysia and other products to cater to the Group’s fast-growing M40 customer base, will underpin prospects beyond FY2020.

EcoWorld International

- EcoWorld International recorded Profit After Tax of RM38.2 million in 3Q 2020 mainly due to revenue and profit recognition of the Group’s maiden project in Australia, **West Village** following completion and commencement of handover of units sold to customers.
- Handover of **Wardian London** has also commenced in 4Q 2020. The first batch of completion notices were issued to purchasers in August 2020 with more to follow in the next several months. This will enable profit recognition on the units handed over to be recognised in the upcoming quarter.

- During the third quarter, EcoWorld International witnessed sustained interest in its London projects from both local and foreign purchasers. Including Australia, the Group's total sales as at 31 August 2020 has exceeded RM1 billion, 40% higher than the sales recorded in the same period of FY2019. This enabled the Group's effective future revenue position as at 31 August 2020 to remain high at RM3.94 billion.
- The Group expects the sales momentum to date to continue in the remaining months of 4Q2020. EcoWorld International's latest launch of The Modern, the final phase of its **Embassy Gardens** project, saw 47 units valued at RM228.2 million sold in a single weekend, a very encouraging sign that demand for good properties in London is still strong. Management is also pursuing a sizeable Build-to-Rent (BtR) deal in the UK and hopes to close the transaction in the near future.

Comments on EcoWorld Malaysia's performance and prospects for FY2020

"As mentioned during the announcement of our results for 2Q 2020, following the re-opening of our sales galleries on 4 May 2020, we had managed to achieve RM642 million sales in the 1st half of 3Q 2020 with another RM600 million bookings on hand as at 15 June 2020.

We are pleased to report that as at 31 August 2020, total sales secured in the four months immediately after the MCO has reached RM1.25 billion and the bulk of these sales are backed by end-financing loans secured by our purchasers. This is testament not just to the good credit standing of our customers but also the immense support of the banking community for our projects which we are very grateful for," said Dato' Chang Khim Wah, President & CEO of EcoWorld Malaysia.

Chang shared several major factors which drove the positive result recorded in 3Q 2020 which the Group will be building upon to achieve its RM2 billion sales target for FY2020.

"The prolonged MCO has been a blessing in disguise for us in two important aspects. Firstly, the customer landscape was completely transformed and just about everyone is now reachable digitally and comfortable to engage with us via social media. As such, our extensive efforts over the last few years to digitalise every aspect of our business and the early investments made to create a strong digital brand presence across multiple online platforms made a big difference. Throughout the MCO and even after, it was a key factor in how we accelerated lead generation, sales conversion and loan approval processes and we are working hard to improve further to stay ahead of the competition.

The second and in some ways even more crucial factor is the tangible unique value proposition each EcoWorld project is able to offer the specific target market & customer segment we are reaching out to. House buyers are a really savvy lot these days – whilst they may be drawn in by marketing, ultimately it is the living environment, design of the home, project accessibility, presence of comprehensive amenities and services to cater to their lifestyle needs that will clinch the deal. It is something we do not take for granted and we are pleased that so many of our customers have chosen to make their home and establish their businesses at our projects."

Chang noted that the reintroduction of the Home Ownership Campaign in June 2020 also contributed to an uptick in buying interest.

"The resurgence in interest we have been experiencing will be given a further boost through the Group's latest campaign **#YouBelong** which actively engages all our target markets to convey the message that they belong in an EcoWorld community. Accompanied by attractive promotional packages, it is designed to drive sales and accelerate cash conversion of stocks to further strengthen our balance sheet," Chang said.

EcoWorld has also seen increased demand from foreign multinationals in its integrated commercial and business park projects which it attributes to the country's good performance in handling the Covid-19 outbreak and the attractive PENJANA incentives for foreign direct investments intending to relocate their manufacturing facilities to Malaysia.

“Following the announcement of the two major deals we signed with Mitsui Fudosan (Asia) Malaysia Sdn Bhd to purchase a serviced residence block at **Bukit Bintang City Centre** and Baosteel Can Making (Malaysia) Sdn Bhd to acquire 16.32 acres of industrial land at **Eco Business Park V**, we have received a good number of enquiries from both local and foreign industrialists which we are actively pursuing.

We have been particularly encouraged by the local enquiries, many of whom are logistic players and SMEs that have been quick to recognise and seize opportunities created by the seismic shift in consumer behaviour to establish new and / or grow their existing on-line business models. We believe such entrepreneurial flexibility by Malaysia's own business community are promising indicators that our economy can recover strongly post-pandemic. This will benefit all parties, especially the property sector. As such, we are definitely focusing our efforts to grow our share of this important market and we believe that the substantial network of contacts we have built with industrialists and other key players through our four business parks in Iskandar Malaysia and Selangor will stand us in good stead.”

Over the next few months, the Group will be launching its new **duduk** brand of vertical townships in the Klang Valley and **Eco Botanic 2** in Iskandar Malaysia. Both Huni @ Eco Ardence and Se.Ruang @ Eco Sanctuary under the **duduk** series offer semi-furnished 1,000 sq ft apartments with starting prices below RM400,000. Meanwhile prices for the landed homes at **Eco Botanic 2** range from around RM500,000 to RM800,000 which are very affordable for young M40 families. Registrations for all three projects have been overwhelming and the Group is actively assisting prospective purchasers in applying for end-financing loans prior to the official launch.

Other products priced between RM500,000 to RM900,000 which are being prepared for launch in FY2021 include Co-Home at **Eco Grandeur** in Ijok and **Eco Horizon** in Penang as well as smaller built-up garden homes at several projects in the Klang Valley and Iskandar Malaysia.

EcoWorld Malaysia's strong pivot to address the housing needs of the M40 which began in mid-2019 has significantly expanded its market reach. Today close to 70% of its purchasers are aged below 40 years and its growing customer database cuts across all ethnicities.

“Our decision to focus on the M40 group is a strategic one which will serve us well not just today but also in the future – as a township developer committed to community building, the presence of young and growing families will yield substantial demographic dividends in the future – we aim to grow with these customers to serve their needs as they mature in every season of their lives,” said Chang.

Comments on EcoWorld International's performance and prospects for FY2020

“We are pleased to report our maiden revenue from Australia, enabled by the commencement of handover of units in **West Village** in 3Q 2020 and as at 31 August 2020, 313 keys have been delivered to our purchasers there. Despite the lockdown situation in London from March 2020 to May 2020, we have also been able to start handing over **Wardian London** – the first batch of completion notices were issued to purchasers in August 2020 and more will follow in the next several months as construction completes in stages. This will enable profit recognition on the units handed over at **Wardian London** to commence in 4Q 2020,” said Dato' Teow Leong Seng, President & CEO of EcoWorld International.

“Whilst the construction of **Yarra One** in Melbourne has been slightly delayed due to the reduced manpower permitted throughout the “Stage 4” movement restrictions in the city, handovers of units

previously scheduled for 4Q 2020 are now targeted to commence in 1Q 2021. Given the steady stream of handovers over the next few quarters, we are therefore on track to see a substantial portion of our future revenue of RM3.94 billion translated into revenue and profits in the near term,” Teow added.

On the sales front, in 3Q 2020, EcoWorld London launched a new project named **Third & Caird** (formerly known as Moberly & Jubilee Phase 2) in London. Comprising private apartments and townhouses, **Third & Caird** is a small residential project located in the City of Westminster and as at 31 August 2020, a 35% take-up rate has been achieved on the units launched to date.

EcoWorld International also witnessed sustained interest on its other London projects from both local and foreign purchasers in 3Q 2020. Buying interest was sparked by the stamp duty holiday which exempts the first £500,000 of the purchase price from stamp duty levy. Pent up demand for housing from local owner-occupiers and the city’s desirability as the world’s top property investment destination also continued to drive property transactions in London. Including Australia, the Group’s total sales as at 31 August 2020 has exceeded RM1 billion, which is 40% higher than the sales recorded in the same period of FY2019.

“Riding on the improved sentiment, the Group recorded £67 million sales in London in 3Q 2020 and a further £19 million sales in August 2020, bringing year-to-date sales to £198 million. **Embassy Gardens** contributed the largest share of sales (£69 million), followed by **London City Island** (£51 million) and **Wardian London** (£31 million).

To build upon this encouraging sales momentum, we launched The Modern, our final parcel of residential apartments at **Embassy Gardens** in London, Shanghai and Hong Kong last weekend (19-20 September). We were delighted with the reception which saw 47 units worth RM228.2 million (GBP42.84 million) snapped up by buyers in just two days. There are only 160 units available and this weekend we will be showing the project to prospective purchasers in Kuala Lumpur, Singapore and Beijing. Thereafter we will proceed to other global cities, where we expect interest to be equally warm given the outstanding value propositions **Embassy Gardens** is able to offer global investors,” Teow said.

On the institutional front, management is also pursuing a sizeable BtR deal in the UK and hopes to close the transaction in the near future. The resilient rental market in London remains a big draw for potential BtR investors. According to UK’s Office for National Statistics, private rental rates in London still managed to register positive growth in the first seven months of 2020 despite the ongoing Covid-19 pandemic. This, coupled with the low interest rate environment and potential for capital appreciation, is expected to attract more investments into UK BtR assets.

“To further enhance our capacity to become a significant player in the UK BtR sector, EcoWorld London recently launched APO. APO, an acronym for “A Part Of” is a new BtR management platform that provides end-to-end services for BtR investors in sourcing investment opportunities, supporting design & development, leasing and long-term property management. As we complete the construction of our BtR assets and grow this portfolio, APO is expected to generate stable property management income for the Group. The inclusion of a recurring income source will help to smoothen EcoWorld International’s earnings profile which comprises mainly development income that is lumpy in nature due to the completed method of accounting for revenue and profits adopted in the UK and Australia,” explained Teow.

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 8,325.3 acres of land bank with a total gross development value (GDV) of RM89.0 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 18 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.

For media enquiries, please contact EcoWorld Communications:

Diana Chin	+6012 234 0159	diana.chin@ecoworld.my
Allison Lee	+6012 224 1884	allison.lee@ecoworld.my