

## NEWS RELEASE

### EC World REIT maintained stable FY2022 performance

- *Stable full year operational performance supported by organic rental escalations*
- *Distribution affected by retention and one-off impact from FZSY compulsory expropriation and weakening of RMB against SGD*
- *Distribute 90% of total distributable income from FY2022; annualized yield of 10.7%<sup>1</sup>*

#### Summary of Results:

	<b>4QFY2022</b> <b>S\$'000</b>	<b>4QFY2021</b> <b>S\$'000</b>	<b>Change</b> <b>%</b>	<b>FY2022</b> <b>S\$'000</b>	<b>FY2021</b> <b>S\$'000</b>	<b>Change</b> <b>%</b>
Gross Revenue	28,414	31,943	(11.0)	121,568	125,488	(3.1)
Net Property Income ("NPI")	25,966	28,813	(9.9)	110,956	113,025	(1.8)
Distribution to Unitholders	5,085	12,440	(59.1)	38,564	50,615	(23.8)
DPU (Cents)	0.628	1.537	(59.1)	4.762	6.263	(24.0)

**Singapore, 23 February 2023** – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) today reported a stable full year 2022 (“**FY2022**”) operational performance across its diverse portfolio, but affected by the currency translation effect. Overall occupancy sustained at a high of 99.2%. In RMB terms, and after relevant distribution adjustments, gross revenue was almost unchanged as contribution from organic rental escalations largely nullified the impact from the discontinuance of contribution from Fu Zhuo Industrial. Net property

<sup>1</sup> Based on annualized FY2022 DPU of 4.762 cents and closing price of S\$0.445 per unit as at 30 December 2022

income (“NPI”) in RMB terms, increased by 0.8%, driven partly by lower properties related expenses.

For the quarter ended December 2022 (“**4QFY2022**”), the gross revenue and NPI were negated by the weaker RMB and absence of contribution from Fu Zhuo Industrial. Without the currency translation effect, gross revenue in RMB terms fell marginally by 2%, due mainly to the absence of contribution from Fu Zhou Industrial, whereas NPI contracted by 0.5% due to reduction in revenue offset the refund of land use taxes. The Manager continued to focus on cost containment to keep property related expenses under control.

Finance costs increased both on full year and quarterly basis. However, these were within management’s expectations in view of the elevated interest rate environment.

Distribution to Unitholders for FY2022 of S\$38.6 million was 23.8% lower year-on-year, mainly due to increase in finance costs, absence of contribution from Fu Zhuo Industrial, the pre-terminated compensation to third party tenants, higher withholding taxes and higher distributable amount retained for loan repayment, refinancing related costs and general working capital purpose.

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “our quality assets continued to show resilience even under challenging operating conditions in FY2022 as restrictions and Covid outbreaks continued to constrain e-commerce logistics growth. We will continue to focus on reinforcing our long-term capabilities as e-commerce and port logistic assets owner, to prepare for the upturn as activities and mobility recover in China.”

## **Asset Management**

Compared to last quarter, occupancy for ECW’s portfolio of seven properties improved by 40 basis points to 99.2% as at 31 December 2022, from 98.8% as at end of September 2022. This was attributed to new tenancy entered into during the fourth quarter from Wuhan Meiluote. Weighted average lease to expiry (“WALE”) by gross rental income stood at 1.6 years, and 1.4 years by net lettable area.

## Capital and Debt Structure

As at 31 December 2022, ECW's aggregate leverage of 38.8% was below the regulatory gearing limit set by the Monetary Authority of Singapore. The blended running interest rate of the aggregate facilities for 4QFY2022 was 5.4%, and while that for FY2022 was 4.9%. The Manager will continue to leverage on derivative instruments for the purpose of hedging interest rate and exchange rate risks, to steer through the uncertainty in the near-term interest rate outlook. As at 31 December 2022, 63% of Offshore Facilities were hedged using floating to fixed interest rate swaps, cross currency swaps and currency forward contracts.

As of 31 December 2022, ECW has borrowings of S\$586.3 million due for repayment within the next 12 months. On 30 December 2022, Forchn Holdings Group Co., Ltd., the Sponsor, placed a margin deposit of RMB200 million (S\$38.7 million) in an escrow account of the onshore facility agent under Existing Onshore Bank Loans, constituting prepayment in part by the Purchasers to the Vendor of the Equity Consideration pursuant to the Equity Purchase Agreement. On 10 February 2023, RMB198.9 million out of the margin deposit was utilised to settle S\$24.4 million and US\$2.9 million (S\$4.0 million) of the existing offshore bank loans and RMB58.6 million (S\$11.3 million) of the existing onshore bank loans. The outstanding amount of the margin deposit of RMB1.1 million (S\$0.2 million), continues to be held in escrow account.

The Manager is in the process of working with the Sponsor and existing lenders to repay the remaining Mandatory Repayment amount as well as to refinance the balance onshore and offshore facilities, and expects these borrowings to be repaid and/or refinanced before they become due for repayment.

The Manager aims to maintain a prudent financial structure to ensure continued access to adequate capital at reasonable terms.

## Outlook

China recorded a slower GDP growth of 3% for full year 2022, down from 8.1% a year ago. During 2022, there were outperformers as online retail sales and in particular, online retail sales of physical goods remained robust, riding on the strength of higher household disposable income to grow by 4% and 6.2% respectively<sup>2</sup>. Nevertheless, China's economy faced disruptions due to recurrent outbreaks and lockdowns imposed across cities, as well as persistent stress in its real estate sector<sup>3</sup>. According to S&P Global, online penetration is expected to pull back after a strong uptick during the pandemic while brick-and-mortar retail is likely to outpace in 2023, amid increased mobility from reopening of the economy<sup>4</sup>.

IMF has recently raised its forecast for China's GDP growth in 2023 to 5.2%, from its previous 4.4% projection<sup>5</sup>. While a stronger economic recovery could be expected in 2023, alongside improving business and consumer confidence, concerns remain including headwinds in its domestic property market and geopolitical tensions which could further depress export demand<sup>6</sup>.

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<sup>2</sup> [http://www.stats.gov.cn/english/PressRelease/202301/t20230117\\_1892094.html](http://www.stats.gov.cn/english/PressRelease/202301/t20230117_1892094.html)

<sup>3</sup> <https://www.worldbank.org/en/country/china/publication/china-economic-update-december-2022#:~:text=Activity%20in%20China%20has%20followed,a%20reopening%20of%20the%20economy.>

<sup>4</sup> <https://www.spglobal.com/ratings/en/research/articles/230109-china-retail-outlook-2023-more-bricks-fewer-clicks-12599181>

<sup>5</sup> <https://www.globaltimes.cn/page/202302/1284812.shtml>

<sup>6</sup> <https://www.fitchratings.com/research/sovereigns/china-2023-growth-forecast-revised-up-to-5-08-02-2023>



## 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 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 conglomerate with businesses in supply chain, intelligent manufacturing, medical care and healthcare, finance and other sectors.

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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 Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

Unitholders and potential investors are advised to exercise caution when dealing in units of EC World REIT. Unitholders and potential investors are advised to read this announcement and any further announcements to be released by EC World REIT carefully. Unitholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe 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.