

## NEWS RELEASE

### EC World REIT reports Distribution Per Unit (“DPU”) of 1.383 cents for 1QFY2022

- While Gross Revenue and NPI increased y-o-y, Distribution to Unitholders was mainly impacted by withholding tax expense incurred for repatriation of funds and provision for Pre-termination Compensation to third-party tenant at Fu Zhuo Industrial as a result of the Compulsory Expropriation
- Refinancing in progress. Expects to complete before the loans expire
- COVID situation in China remains fluid. Monitoring macroeconomy and situation in Hangzhou closely

#### Summary of Results:

	1QFY2022 S\$'000	1QFY2021 S\$'000	Change %
Gross Revenue	32,151	30,802	4.4
Net Property Income (“NPI”)	29,734	27,679	7.4
Distribution to Unitholders	11,200	12,361	(9.4)
DPU (Cents)	1.383	1.532	(9.7)

**Singapore, 12 May 2022** – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust (“**ECW**”) (the “**Manager**”) wishes to report that ECW achieved a 4.4% increase in gross revenue, mainly attributed to strengthening of RMB, organic rental escalation as well as late fee income in 1QFY2022. NPI grew 7.4% year-on-year due to lower property expenses. The increase was mainly offset by withholding tax expenses paid for repatriation of funds as well as provision for Pre-termination Compensation (“**Pre-termination Compensation**”) to the third-party tenant at Fu Zhuo Industrial as a result of the Compulsory Expropriation (“**Compulsory Expropriation**”)¹. Based on 30% of the compensation package received in 1QFY2022, ECW has recognized 30% of the Pre-termination Compensation for distribution purpose

¹ Please refer to announcement on 9 March 2022 “Update on Notice of Compulsory Expropriation of Fu Zhuo Industrial”

in 1QFY2022 accordingly. The balance of the provision for Pre-Termination Compensation will be recognised upon receipt of the remaining Compensation Package.

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “As countries seek normalcy in a post-pandemic world, discrepancies in fundamentals persist. The pandemic has caused major disruptions in global supply chain with shutdown of industries, causing lower consumer demand and reduced industrial activity globally. The recent COVID lockdowns in China caused new bottlenecks in global supply chains and threaten to undermine economic growth with lower consumer spending and higher unemployment.

While ECW’s portfolio of properties has not been materially impacted by the recent lockdowns, we are monitoring the situation in Hangzhou closely. Headwinds persist domestically and globally. We are currently in the final stages of refinancing ECW’s loans due in mid-2022 and expect the refinancing to be completed before the loans’ expiries.”

### **Asset Management**

As at 31 March 2022, ECW has a portfolio occupancy of 98.6% and a weighted average lease to expiry (“WALE”) of 2.4 years (by gross rental income). Excluding Fu Zhuo Industrial, WALE would have been 2.3 years (by gross rental income).

Regarding the recent lockdowns in China, the Manager is watching the fluidity of the COVID situation and its potential impact on ECW’s portfolio. At this juncture, ECW has not received any request for rental rebates from its tenants.

### **Capital and Debt Structure**

As at 31 March 2022, ECW’s aggregate leverage was 37.3%. ECW has a 3-year S\$305.6 million and US\$86.8 million (S\$117.5 million) secured offshore term loan facility expiring in end-May 2022 as well as a 3-year RMB1,018.0 million (S\$217.0 million) onshore secured term loan facility expiring in end-July 2022. The Manager is in the final stage of negotiation for the refinancing of the term loans due in 2022 and will update the investing community of developments.

## Outlook

In the first quarter of 2022, China's economy grew 4.8% year-on-year, or 1.3% over 4Q2021. While the momentum of growth was stable, the domestic and international environment had become increasingly uncertain.<sup>2</sup> In March 2022, impacted by strict lockdowns across many cities in China, retail sales plunged to their lowest since the start of the pandemic<sup>3</sup>. Supply chains are heavily impacted as containers are left unattended at ports and trucking fleet as well as its drivers are held up due to a web of quarantine control<sup>4</sup>. In addition, suspension of business operations and production are expected to disrupt the logistics sector significantly<sup>5</sup>.

As COVID outbreak and the war in Ukraine put a toll on China's economy, the Chinese Government pledged to set up policy support to boost demand and spur growth. China's economic growth target of 5.5% has been seen as sanguine by many bank economists. The International Monetary Fund cut China's 2022 growth forecast to 4.4%. While China's fiscal and monetary policies may provide some respite for its economy, the state of the world's economy will have future impact on Chinese economy.<sup>6,7</sup>

The Manager continues to monitor the situation closely and will provide timely updates should there be any material impact on ECW's portfolio.

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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 eight 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

<sup>2</sup> [http://www.stats.gov.cn/english/PressRelease/202204/t20220418\\_1829688.html](http://www.stats.gov.cn/english/PressRelease/202204/t20220418_1829688.html)

<sup>3</sup> <https://www.straittimes.com/asia/east-asia/retail-sales-down-unemployment-up-as-china-reports-48-per-cent-growth-in-q1>

<sup>4</sup> <https://www.bloomberg.com/news/articles/2022-04-22/shanghai-s-virus-outbreak-extends-waiting-times-for-containers>

<sup>5</sup> <https://fortune.com/2022/04/19/china-covid-lockdown-cripple-global-supply-chain/>

<sup>6</sup> <https://www.reuters.com/world/china/china-step-up-policy-adjustments-steady-economy-2022-04-29/>

<sup>7</sup> <https://www.cnbc.com/2022/04/26/investment-banks-slash-china-growth-outlook-one-puts-gdp-below-4percent.html>



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 as well as FTSE ST China 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 conglomerate with businesses in supply chain, intelligent manufacturing, medical care and healthcare, finance and other sectors.

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**IMPORTANT NOTICE**

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of EC World REIT), or any of their respective affiliates.

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.

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.