NEWS RELEASE

EC World REIT delivers Distribution Per Unit ("DPU") of 1.364 cents for 3QFY2022

- *Quarterly performance consistent with improving stability in China in third quarter, barring currency translation effect due to yuan depreciation*
- *Distribute full amount of distributable income from 3QFY2022; annualized yield of 11.1%*[1]
- *Unlock value of properties at premium to aggregate appraised valuations through proposed divestment to repay partial loans*

Summary of Results:

	3QFY2022 S$'000	3QFY2021 S$'000	Change %	9MFY2022 S$'000	9MFY2021 S$'000	Change %
Gross Revenue	29,830	31,556	(5.5)	93,154	93,545	(0.4)
Net Property Income ("NPI")	27,051	28,595	(5.4)	84,990	84,212	0.9
Distribution to Unitholders	11,046	13,439	(17.8)	33,479	38,175	(12.3)
DPU (Cents)	1.364	1.662	(17.9)	4.134	4.726	(12.5)

Singapore, 9 November 2022 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust ("**ECW**") (the "**Manager**") announced today the third quarter 2022 ("**3QFY2022**") performance which underscored the stability of revenue stream from its portfolio of diverse properties. Gross revenue and Net property income ("NPI") of S$29.8 million and S$27.1 million respectively were marginally lower compared to the corresponding period a year ago, largely due to the translation effect arising from the depreciation of RMB against Singapore dollar by 2.4% year-on-year,

[1] Based on annualized 9MFY2022 DPU of 5.527 cents and closing price of S$0.50 per unit as at 30 September 2022

EC World Asset Management Pte Ltd
运通网城资产管理私人有限公司
(Reg. No. 201523015N)

6 Shenton Way #41-03 OUE Downtown 1
Singapore 068809
Tel: +65 6221 9018

the relatively higher property expenses and the discontinuance of contribution from Fu Zhuo Industrial. Master leases with built-in rental escalations contributed approximately 76% of gross revenue in 3QFY2022.

For nine months ended September 2022 ("**9MFY2022**"), NPI sustained growth by 0.9% year-on-year to S$85 million, attributable to the organic rental reversions and lower property expenses which offset the effect of weaker RMB and the absence of contribution from Fu Zhou Industrial.

Finance costs increased by 3.5% in 9MFY2022, reflecting the 0.5 percentage points year-on-year increase in the blended all-in running interest rate, as well as higher option premium expenses.

The Manager has elected to distribute the full total amount available for distribution for 3QFY2022, representing a distribution per unit ("**DPU**") of 1.364 cents, and annualized yield of 10.82%.

As at 30 September 2022, out of the 70% compensation package from the Compulsory Expropriation of Fu Zhuo Industrial received, RMB 60 million was used for the partial prepayment of the onshore and offshore facilities, while RMB 13.4 million was used as compensation to the third party tenant.

Commenting on the performance, Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, "We delivered a set of results consistent with the improving stability in China during the quarter. In view of the economic uncertainties ahead, and the impact of global inflationary pressures on demand, we have reviewed our strategic options, with the focus to strengthen our financial position and grow sustainably for the longer term. Divesting Beigang and Chongxian Port Logistics to realise value is therefore timely because of the premium to agreed property values, to enable us to pare down debts and enable a special distribution to Unitholders."

The intermittent lockdown of cities in China during the third quarter, did not have material impact on ECW's portfolio of properties. The Manager will continue to closely monitor the developments and vigilantly manage emerging risks.

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Asset Management

ECW's portfolio occupancy for its seven properties remained stable at 98.8% as at 30 September 2022. Weighted average lease to expiry ("WALE") by gross rental income stood at 1.8 years, and 1.6 years by net lettable area.

Excluding Beigang and Chongxian Port Logistics which are the targeted properties for the Proposed Divestment announced on 3 October 2022, WALE by gross revenue and by net lettable area would have been 2% and 1.7% respectively.

Capital and Debt Structure

ECW's aggregate leverage of 39.3% as at 30 September 2022, was below the gearing limit required by the Monetary Authority of Singapore. The blended running interest rate for 3QFY2022 was 4.8%, and that for 9MFY2022 was 4.6%. Amidst the rising interest environment, the Manager will continue to manage its exposures through hedging instruments. Currently, 87% of Offshore Facilities are hedged using floating to fixed interest rate swaps and cross currency swaps. The foreign exchange hedging instruments allow us to mitigate the volatility on income repatriation from China to Singapore.

As at 30 September 2022, ECW has borrowings of S$605.5 million due for repayment within the next 12 months. On 3 October 2022, the Manager announced the proposed divestment of its indirect interests in Stage 1 Properties of Bei Gang Logistics (**"Beigang")** and Chongxian Port Logistics ("the **Divestment Properties**") (the **"Proposed Divestment")**. Subject to approval from Unitholders, the Proposed Divestment, if carried out, will enable ECW to repay the mandatory repayment amount of at least 25% of its outstanding facilities by 31 December 2022 (the "**Repayment**"), amounting to approximately S$142.6 million.

The Proposed Divestment is expected to generate net proceeds of RMB 1,320 million (approximately S$ 264.1 million) after relevant transaction costs, which are expected to provide sufficient cash proceeds to enable ECW to finance its repayment obligations while also enabling special distribution to Unitholders.

Aside from the mandatory repayment due by 31 December 2022, the Manager is actively working with the lead lenders on the refinancing of the remaining amount of the

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loan facilities (the "**Remaining Facilities**"), which are maturing on 30 April 2023. The Manager are working towards the completion of the refinancing before these borrowings become due for repayment. The Manager will continue to place emphasis on expanding its funding capabilities to optimize its capital structure.

Outlook

China's GDP growth for third quarter of 2022 rebounded to 3.9%, reflecting a recovery of the growth momentum which derailed to 0.4% in the second quarter, due to the April-May lockdowns in major cities in China. Economic growth for nine months ended September 2022 stood at 3%. Despite the improvement in household consumption and business volumes, partly driven by government support policies and the restoration of logistics supply capacity, China's full year GDP according to economists, is expected to be on a lower growth trajectory, below the official target of 5.5% for 2022, set in March 2022[2]. A more pronounced and sustainable recovery will be challenging as the persistent inflationary pressures and tighter monetary policies continue to weigh on export demand, investment sentiments remain cautious in addition to disruptions due to the prolonged property market slump and stringent Covid-19 curbs on its domestic market[3].

Consumption remained as a key growth factor, accounting for 2.1 percentage points of the 3.9% GDP growth for third quarter, while investment and net exports representing 0.8 and 1.1 percentage point, respectively[4].

Underpinned by the role of e-commerce in driving consumption growth, and aided by the improvement in retail businesses at brick-and-mortar stores, total retail sales increased by 3.5% year-on-year in the third quarter, reversing from 4.6% contraction in the second quarter. While China's e-commerce market, the world's largest, has evolved rapidly in recent years, supported by rising internet penetration, increasing consumer confidence in online shopping and the emergence of e-commerce platforms and

[2] https://www.reuters.com/markets/asia/china-q3-growth-seen-bouncing-34-2022-set-worst-performance-decades-2022-10-14/
[3] https://www.reuters.com/world/china/china-q3-gdp-growth-rebounds-faster-pace-risks-loom-2022-10-24/
[4] http://www.stats.gov.cn/english/PressRelease/202210/t20221024_1889500.html

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payment solutions[5], growth is expected to moderate going forward. Amongst the concerns are the heightened competition, tightening regulations and uncertainty resulting from Covid disruption[6].

The heightened geopolitical and economic uncertainty, and the unprecedented quantum of interest rate hikes by the Federal Reserve, which were followed by other central banks worldwide, have led to increased borrowing costs, while the inflationary risks further fuelled recession fears globally[7]. Under these circumstances, although the Manager will continue to actively manage the market risks through different hedging instruments to mitigate the currency risks and interest rate risks, the financial market volatility induced by monetary policy responses and foreign exchange interventions could have further implications on ECW's income and distributions.

Amid downside risks in the macro environment and from evolving business trends, coupled with the increasingly challenging risk sentiments in the capital market that renders higher financing vulnerabilities for many corporates, the Manager is actively discussing with ECW's existing lead lenders on the term sheets for the refinancing of the remaining loans due by 30 April 2023, aside from the Proposed Divestment to meet the mandatory financial obligation by 31 December 2022. For the benefit of the Unitholders, the Board of the Manager remains committed to explore all strategic options available in order to support the ECW to survive in this challenging environment and continue to create long term sustainable returns.

— End —

[5] https://www.globaldata.com/media/banking/china-continues-to-lead-global-e-commerce-market-with-over-2-trillion-sales-in-2022-says-globaldata/#:~:text=China's%20e%2Dcommerce%20market%2C%20the,leading%20data%20and%20analytics%20company.
[6] https://www.schroders.com/en/us/insights/equities/china-e-commerce-is-it-time-to-look-beyond-regulatory-pressures/
[7] https://www.imf.org/en/Blogs/Articles/2022/10/11/interest-rate-increases-volatile-markets-signal-rising-financial-stability-risks

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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 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 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.

For queries, please contact:

Ms Khoo Li Ching
Manager, Investor Relations
EC World Asset Management Pte. Ltd.
Tel: +65 6221 9018
Email: ir@ecwreit.com | khooliching@ecwreit.com

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

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