NEWS RELEASE

EC World REIT reports DPU of 1.127 cents for 1QFY2023

- *Higher distributable income on quarter-on-quarter basis while lower distributable income on year-on-year basis*
- *annualized yield of 14.3%[1] assuming 10% retention of the total distributable income from 1QFY2023*

Summary of Results:

	1QFY2023 S$'000	1QFY2022 S$'000	Change YoY%	4QFY2022	Change QoQ%
Gross Revenue	28,134	32,151	(12.5)	28,414	(1.0)
Net Property Income ("NPI")	26,078	29,734	(12.3)	25,966	0.4
Calculated Distribution to Unitholders[2]	9,128	11,200	(18.5)	5,085	79.5
Calculated DPU (Cents)	1.127	1.383	(18.5)	0.628	79.5

Singapore, 12 May 2023 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust ("**ECW**") (the "**Manager**") reported lower year-on-year first quarter 2023 ("**1QFY2023**") distributable income to Unitholders, mainly due to the impact from compulsory expropriation of Fu Zhuo Industrial, the contribution of which was included in the corresponding period, the weakening of yuan as well as increases in finance cost. This was cushioned partly by organic rental escalations built-in in existing leases.

Calculated Distribution[2] to Unitholders stood at S$9.1 million in the first quarter, after assuming a 10% retention of total amount available for distribution for general working

1 Based on annualized 1QFY2023 DPU of 4.571 cents and closing price of S$0.32 per unit as at 31 March 2023

2 To be part of the half-yearly distribution for period 1 January 2023 to 30 June 2023, calculated assuming 10% of the total distributable income from 1QFY2023 to be retained.

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capital purpose. At the operational level, total amount available for distribution before retention was lower year-on-year at S$10.1 million, due mainly to impact from compulsory expropriation and higher financing costs compared to preceding year.

In RMB terms, and after relevant distribution adjustments, gross revenue and NPI contracted marginally by 3.3% and 2.9% respectively due to absence of contribution from Fu Zhuo Industrial, partly offset by continual income support from organic rental escalations.

Year-on-year, finance costs increased 12.7%, reflecting the progressive tightening of monetary policies by central banks over the past year, and a rising interest rate environment. Consequently, ECW's blended running interest rate rose by 1.4 percentage points to 5.6% in 1QFY2023, from 4.2% in the corresponding quarter. On quarterly basis, finance costs remained largely unchanged, due mainly to the partial settlement of Mandatory Repayment, and a marginal 0.2 percentage points increase in blended running interest rate from previous quarter.

Calculated Distribution per unit ("DPU") of 1.127 cents for 1QFY2023 was 18.5% lower year-on-year, partly due to the assumed retention for general working capital purpose. Excluding which, DPU would have been 1.252 cents, representing a year-on-year decline of 9.4%. Calculated distribution for 1QFY2023 will be part of the half-yearly distribution for period 1 January 2023 to 30 June 2023.

Calculated DPU rose 79.5% quarter-on-quarter as a result of lower reported tax expenses and lower retention assumed compared to previous quarter.

Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, "on quarterly basis, our first quarter performance was underscored by stable income from across all properties and muted borrowing costs. In the short term, cost pressures will remain high under the current interest rate environment before a stablisation of financing conditions."

Asset Management

Overall occupancy for ECW's portfolio remained at 96.8% as at 31 March 2023. Of the seven properties, four achieved full occupancy, while Hengde Logistics and Chongxian Port Logistics reported near full occupancy, at 99.9% and 99.3% respectively.

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Weighted average lease to expiry ("WALE") by gross rental income and net lettable area stood at 1.4 years, and 1.2 years respectively.

In addition, the Sponsor group is working towards a tentative completion date for the Proposed Divestment to be around end of May 2023 while the Long-Stop Date of the Proposed Divestment has been extended to (i) the earlier of (a) the new Mandatory Repayment deadline stipulated by the Lenders pursuant to the Extension (as defined below) and (b) 31 May 2023; or (ii) such other later date as may be determined by the Vendor.

Capital and Debt Structure

As at 31 March 2023, ECW's capital position remained below the gearing limit required by the Monetary Authority of Singapore, with aggregate leverage improved by 3.4 percentage points from 38.8% as at 31 December 2022 to 35.4% as at 31 March 2023, attributable to the partial settlement of the Mandatory Repayment during the quarter, through prepayments received from the Purchasers of the Proposed Divestment.

The blended running interest rate of the aggregate facilities for 1QFY2023 increased by 1.4 percentage points to 5.6% from 4.2% in the same period in the preceding year, as a result of rising interest rates. The partial settlement of Mandatory Repayment during the first quarter of 2023, enabled ECW to pare down its existing outstanding loans and thereby reduce its exposure to interest rate risks. The Manager will continue to actively manage interest rate and exchange rate risks through hedges to minimize adverse impact. As at 31 March 2023, 44% of Offshore Facilities were hedged using floating to fixed interest rate swaps, cross currency swaps and currency forward contracts.

As of 31 March 2023, ECW's borrowings comprise of S$75.5 million outstanding Mandatory Repayment and S$415.7 million due for repayment by 30 April 2023 (the "April 2023 Outstanding Loans") granted under the Existing Offshore Bank Loans and Existing Onshore Bank Loans (the "Existing Bank Loans" and the "Refinancing Exercise"). As announced on 1 May 2023, Lenders have consented the extension of the termination date of the Existing Bank Loans to 31 May 2023 (the "Extension"), conditional upon, the Refinancing Exercise successfully completing by 31 May 2023.

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Negotiations with the Lenders for the refinancing of Existing Bank Loans are currently ongoing. The Manager expects the Refinancing Exercise to be completed by 31 May 2023 with new conditions for the settlement of the Mandatory Repayment to be agreed as part of the Refinancing Exercise.

ECW's capital is closely monitored and managed to ensure there is adequate capital to support business operation and opportunities.

Outlook

China's economy expanded by 4.5% year-on-year in the first quarter of 2023, and alongside strong resurgence in consumer spending following the end of pandemic restrictions. Retail sales showed good momentum, rising by 5.8% in the first three months of the year, which was a reversal from 2.7% contraction in the fourth quarter of 2022. Amongst which, online retail surged by 8.6%. The consensus view, in spite of the robust first quarter performance, is for online retail growth to moderate, relative to a stronger pace of growth from offline retail sales for full year 2023, in the light of fast recovery in foot traffic in offline stores with the return to mobility[3] .

The property market crisis has not abated while the falling export demand could weigh on the strength of China's economic recovery[4] while the Chinese government put in place various policies to spur domestic demand which are aimed to reduce its exposure to external risks[5]. Despite a more modest GDP target of 5% for 2023 set by the Chinese government, the current year growth outlook is expected to be challenging.

Global economy, as forecasted by IMF, is heading for a slowdown from 3.4% in 2022 to 2.8% in 2023, amid the rising inflation and higher commodity prices which continue to pose challenges for central banks around the world[6]. The inflation's return to target is unlikely before 2025 in most cases hence the tight policy stances needed to bring down inflation and to face the fallout from the recent deterioration in financial conditions,

[3] https://www.fitchratings.com/research/corporate-finance/chinas-online-retailers-face-market-share-pressure-as-competition-intensifies-07-03-2023
[4] https://www.ft.com/content/a67c7717-c117-4778-b2f3-324d1c9fdd11
[5] https://www.reuters.com/markets/asia/china-plans-expand-domestic-demand-spur-economy-state-media-2022-12-14/
[6] https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023

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the ongoing war in Ukraine, and growing geoeconomic fragmentation[6]. As interest rates will only likely reduce toward their pre-pandemic levels once inflation rates are back to targets, higher interest rates will continue to prevail in the short term[6].

Against this backdrop, while ECW's rental income from its portfolio is expected to remain fairly resilient, the higher finance costs coupled with the challenges posed by the Mandatory Repayment and Refinancing Exercise, ECW will continue to face financial stress in the short to medium term.

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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 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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