NEWS RELEASE

EC World Asset Management Proposes To Unlock Value And Reduce Gearing Via Asset Sale

- Divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics will contribute to paring down of outstanding loans
- Agreed property values are at premium to the Appraised Valuations (as defined herein)
- If approved by unitholders, the divestment will help ECW improve its liquidity for loan repayments and enable a special distribution to unitholders

Singapore, 3 October 2022 – EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust ("**ECW**", and the manager of ECW, the "**Manager**"), today announced a proposed divestment of its indirect interests in Stage 1 Properties of Bei Gang Logistics ("**Beigang**") and Chongxian Port Logistics ("**CXPL**") (collectively, the "**Divestment Properties**"). The divestment of these properties, located in Hangzhou, Zhejiang Province, People's Republic of China, is expected to contribute to unlocking value and paring down of loans. ECW, through its wholly-owned subsidiary, has entered into an equity purchase agreement with Hangzhou Futou Beigang Enterprise Management Co. Ltd. ("**HFBEM**") and Forchn International Pte. Ltd. ("**FIPL**") (HFBEM and FIPL, collectively the "**Purchasers**"), both of which are wholly-owned subsidiaries of the Sponsor (as defined below), Forchn Holdings Group Co., Ltd., (the "**Sponsor**"), on a willing-buyer willing-seller basis to divest ECW's indirect interests in the Divestment Properties (the "**Proposed Divestment**").

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Mr. Goh Toh Sim, Executive Director and CEO of the Manager, said, “With economic conditions in China continuing to exert considerable pressure on tenancies and anticipated outlays in required major structural repairs, our assessment is that the Beigang and CXPL properties have reached the stage of the business cycle where it is timely for us to unlock their values. The property values are higher than the acquisition prices at ECW’s initial public offering (“**IPO**”) and divesting them now will enable us to enhance our liquidity, reduce our gearing, and give us the opportunity to offer cash distributions to our unitholders.”

Agreed Property Values Are At Premium To Appraised Valuation

The Divestment Properties have been respectively valued by independent valuers Jones Lang LaSalle Corporate Appraisal and Advisory and Knight Frank Petty Limited (the “**Independent Valuers**”). Based on the lower of the two independent valuations for each Divestment Property as at 30 June 2022 (the “**Appraised Valuations**”) set out in the Independent Valuers’ respective valuation reports dated 30 September 2022 . Beigang has been valued at about RMB 1,178 million or approximately S$ 235.7 million[1], and CXPL has been valued at about RMB 797 million or approximately S$ 159.5 million.

The agreed property value of each Divestment Property was arrived at after arm’s length negotiations among the parties on a willing-buyer willing-seller basis, after taking into account, among others, the independent valuations. The agreed property value for Beigang is RMB 1.213 million or approximately S$ 242.6 million, representing a premium to the Appraised Valuation of approximately 2.9%; the agreed property

[1] All figures in SGD in this News Release are estimated based on RMB 1 = S$ 0.2001 (the “Illustrative Exchange Rate”).

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value for CXPL is RMB 820.1 million or approximately S$ 164.1 million, representing a premium to the Appraised Valuation of approximately 2.9%.

The aggregate property value for the Divestment Properties is therefore RMB 2.033 million or approximately S$ 406.8 million. This is at a blended premium of 17.8% compared to the purchase considerations of Beigang and CXPL at ECW's IPO just over six years ago in July 2016.

If approved by the unitholders of ECW (the "**Unitholders**), the Proposed Divestment will enable ECW to realise the value of the Divestment Properties and direct the majority of the divestment proceeds towards paring down at least 25% of the aggregate principal amount of the outstanding existing onshore and offshore loans (the "**Existing ECW Loans**") which are due by 31 December 2022 – fulfilling a condition set by the existing lenders of ECW.

Management Rationale for Divesting Beigang and CXPL

Rising inflation and the ongoing war in Ukraine have continued to exert pressure on the Chinese economy despite a gradual resumption of domestic economic activities. To remain sustainable in this challenging environment, the Manager has adopted an approach of exploring and reviewing strategic options such as asset divestments to stay agile, anticipating emerging risks and responding to suitable opportunities for the benefit of Unitholders.

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After careful deliberation, the Manager believes that the divestment of Beigang and CXPL is beneficial to ECW for the following reasons:

1. **Enabling EC World REIT to pare down and finance the repayment of Existing ECW Loans**

   Due to the macro-economic situation and property market conditions in the People's Republic of China (**"PRC"**), the existing lenders of the Existing ECW Loans have called on ECW to repay at least 25% of the Existing ECW Loans by 31 December 2022. The Proposed Divestment is expected to provide sufficient cash proceeds to enable ECW to finance this repayment while also simultaneously returning cash to Unitholders in the form of a special distribution.

2. **Opportunity to realise property values of the Divestment Properties at premium to valuation**

   As at 30 June 2022, the agreed property values for Beigang and CXPL are at a premium of approximately 2.9% to their respective Appraised Valuations; and represent a blended premium of 17.8% compared to the purchase considerations of the Divestment Properties at the IPO. The equity consideration of RMB 1,370,000,000 or approximately S$274,137,000 is also above the book value of the respective holding companies of the Divestment Properties. The Proposed Divestment is therefore a reasonably attractive option for ECW to realise the value of these two properties.

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3. **Preservation of long-term value for Unitholders**

The Manager believes that the Proposed Divestment will provide long-term value for Unitholders as the Divestment Properties have proven to be sub-optimal to the operations of ECW in recent years given the below:

3.1) Decline in asset valuations of the Divestment Properties compared to IPO levels

The average valuations of Beigang and CXPL as at 30 June 2022 have dropped by 4.5% and 6.6% respectively, compared to their average valuations during ECW's IPO[2] .

3.2) Bei Gang is no longer as attractive to tenants due to market trends

The shift of e-commerce online platforms away from the traditional Online to Offline ("**O2O**") model, coupled with the COVID-19 pandemic and the sporadic movement restrictions in various cities within the PRC have caused many original and potential tenants of Beigang to readapt their business models towards mobile operations, online trades, and inventory storage in shared warehouses.

Originally designed to cater to O2O businesses, trade exhibition, showrooms, offices, and other e-commerce related services that focus on attracting potential customers from online channels to the physical stores,

[2] The average valuations for Beigang and CXPL during ECW's IPO are RMB 1,293 million and RMB 852.5 million respectively.

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Beigang's market position, relevance and offerings in the O2O industry have weakened considerably given the above circumstances.

In light of the above challenging circumstances, the Manager is of the view that the current rental rate of Beigang Logistics Stage 1 is not sustainable going forward.

3.3) Unfeasible to overhaul and reposition the Divestment Properties to capture evolving e-commerce trends

While e-commerce growth potential in the PRC remains positive, due to increasing internet penetration and high usage of mobile services, the Divestment Properties are not able to benefit significantly from this trend as they were not designed and constructed for e-commerce warehousing purposes.

The conversion of use for the Divestment Properties would require major redevelopments, which would in turn require significant investment from ECW and also mean that ECW would have to concurrently forego the rental income during the redevelopment period.

3.4) CXPL is an aging property with upcoming extensive repairs required

Completed in 2009, the structures of CXPL such as external walls and roofs of the warehouses are showing signs of extensive wear and tear. A significant amount of major overhaul cost is expected to be incurred in the coming years should CXPL continue to form part of ECW's portfolio. This

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would result in loss of rental income from CXPL during the periods of such repairs and uplift.

Beyond assessing the proposal from the Sponsor, the Manager, with the assistance of the Merill Lynch (Singapore) Pte. Ltd. (the financial adviser in respect of the Proposed Divestment), also conducted a market testing process to solicit interest in the Divestment Properties and also conducted direct outreach to several potential bidders which did not yield any indications of interest for the Divestment Properties.

Taking into account the above considerations the Manager considers the Proposed Divestment to be beneficial to ECW.

Special Distribution

Subject to the completion of the Proposed Divestment , the Manager intends to distribute to Unitholders a special distribution which is estimated to be approximately RMB 450.9 million out of the net proceeds from the Proposed Divestment after, among others, repayment of at least 25% of the Existing ECW Loans by 31 December 2022, and settlement of relevant transaction costs. The special distribution is intended to be distributed to Unitholders within 40 business days from the completion of the Proposed Divestment.

Extraordinary General Meeting To Be Convened

The Proposed Divestment constitutes an "interested person transaction" under Chapter 9 of the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**") as well as an "interested party transaction" under the Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of

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Singapore, as the Purchasers are associates of the controlling unitholder of ECW REIT and controlling shareholder of the Manager[3].

The Proposed Divestment also constitutes a “major transaction” under Chapter 10 of the Listing Manual.

Accordingly, the Manager will seek the approval of Unitholders for the Proposed Divestment by way of an Ordinary Resolution tabled at an Extraordinary General Meeting (“**EGM**”).

In this respect, a circular will be issued to Unitholders, and details of the EGM will be announced by ECW in due course.

— End —

[3] FIPL is the controlling shareholder of the Manager and is also a wholly-owned subsidiary of the Sponsor.

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— ***This press release should be read in conjunction with the full text of the SGX Announcement dated 3 October 2022. In the event of any inconsistency or conflict between the press release and SGX Announcement, the terms set out in the SGX Announcement shall prevail. Capitalised terms used but not otherwise defined herein shall have the meanings given to them in the SGX Announcement. The SGX Announcement is available on www.sgx.com.***

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, health and wellness, 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 press release and any further press release 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 press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

This press release 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

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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.

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