NEWS RELEASE

EC World REIT Reported Lower Operating Performance in FY2024

- *Lower operating performance year-on-year*
- *Portfolio valuation declined by 11.7% year-on-year*
- *Overall Occupancy improved to 86.3% as of 31 December 2024*

Summary of Results:

	4QFY2024 S$'000	4QFY2023 S$'000	Change YoY%	FY2024 S$'000	FY2023 S$'000	Change YoY%
Gross Revenue	15,894	25,055	(36.6)	92,208	107,770	(14.4)
Net Property Income ("**NPI**")	11,200	22,659	(50.6)	81,199	99,201	(18.1)
Calculated Distribution to Unitholders[1]	-	5,592	n.m	15,804	29,631	(46.7)
Calculated DPU (**Cents**)[1]	-	0.690	n.m	1.951	3.659	(46.7)

Singapore, 24 February 2025 – EC World Asset Management Pte. Ltd., as the manager of EC World Real Estate Investment Trust ("**ECW**") (the "**Manager**"), reported a full year 2024 ("**FY2024**") lower operating performance across its portfolio. Gross revenue in RMB terms was 14.5% lower compared to FY2023, mainly due to termination of master lease agreements ("**MLAs**") upon lease expiry, coupled with effect of novation of underlying leases from master leases and related party leases for

[1] . Based on ECW's current cash situation, ECW is not able to fulfil, from the deposited property of ECW, its liabilities as they fall due. Hence, there will be no distribution for the period from 1 July 2024 to 31 December 2024.

Chongxian Port Investment ("**CXI**"), Chongxian Port Logistics ("**CXPL**"), Fu Heng Warehouse ("**FHCC**") and Fuzhou E-commerce ("**FZDS**") during the financial year, impact of discontinuation of China Tobacco leases in Hengde Logistics Phase 1 ("**HDP1**"), offset by income from new third party leases secured for HDP1. NPI in RMB terms was 18.5% lower as compared to FY2023, mainly due to lower revenue, bad debt provision, higher business tax as a result of accrual of late payment penalty, and slightly offset by capitalization of expenses.

As of 31 December 2024, the accrued overdue rent receivables owing to ECW and its subsidiaries (collectively, the "**ECW Group**") by the Sponsor and its subsidiaries (collectively, the "**Sponsor Group**") has exceeded RMB629.9 million (S$117.4 million). Of the outstanding rent receivables, RMB547.4million (S$102.0 million) represents the rent payable accrued pursuant to master leases, while the balance RMB82.5 million (S$15.4 million) represents the rent payable accrued by the Sponsor Group entities pursuant to other related party leases. Management has been in negotiations with the Sponsor for a Master Offset Agreement to settle the ECW's receivables from the Sponsor Group against ECW's payables to the Sponsor Group, including the cash security deposit amount paid by the master lessees and part of the advance payments received from the Purchasers of the proposed divestment, hence no impairment allowance was made at this juncture. In relation to the RMB32.6m (S$6.1 million) Fu Zhuo Industrial compensation, the Manager is exploring various options, including divestment of the underlying subsidiary to recover the outstanding receivables.

On 18 November 2024, the Manager announced updates regarding Offshore Facility and EC World REIT's Offshore Operating Expenses. Under the Offshore Facility Agreement, the consent of the Offshore Lenders is required before withdrawals from bank accounts charged to them may be made, since events of default are continuing under the Offshore Facility Agreement. The Manager has requested the Offshore Lenders' consent for the release of funds to finance offshore operating expenses, including management fees payable to REIT Manager from August 2024 onwards. As of the announcement date, the requisite consents have been obtained except for two lenders, whose approvals remain outstanding despite repeated requests. As the consents of all Offshore Lenders are required, the funds have not been released from ECW's offshore bank accounts. The Manager informed Unitholders of the possibility that its operations and EC World REIT's offshore operations may be affected if the funds are not released. The Manager has been utilising temporary measure to fund the offshore operating expenses currently and will continue to liaise with offshore lenders on the release of funds.

Finance costs of S$49.0 million were S$2.4 million or 5.2% higher compared to FY2023, mainly due to higher interest rate for offshore facilities and additional finance cost incurred from the settlement of short-term advance from an onshore SBLC issuer, mitigated by lower loan quantum. ECW's blended all-in running interest rate for the quarter and 12 months ended 31 December 2024 was 9.1% and 8.2% per annum respectively, from 6.7% and 6.3% in the corresponding period. Due to the changing global economic conditions, ECW expects the blended interest rates for the offshore facilities continue to fluctuate.

Calculated distribution to Unitholders of S$15.8 million represents S$13.8 million or 46.7% decrease compared to FY2023, mainly due to lower revenue, higher operating expenses and interest cost. No distribution has been declared for the period from 1 July 2024 to 31 December 2024 ("**2HFY2024**") due to events of default continuing under the Offshore Facility Agreement and ECW having insufficient funds to make the distribution[1]**.**

Mr Goh Toh Sim, Executive Director and CEO of the Manager, said, "on quarterly basis, the revenue in RMB terms was 35.9% lower compared to 4QFY2023. The Manager has been continuing to negotiate with the Sponsor for a Master Offset Agreement to resolve the outstanding receivables.

The Manager is actively exploring options to divest some or whole of the Group's properties to pare down existing facilities with cash proceeds in order to be accepted by the lenders of the Offshore Facility for a possible refinancing or restructuring. At the date of this announcement, the Group has not received any notice of enforcement action. In the meantime, the Manager, with the close guidance of all independent directors, is trying its best endeavour to stabilise the performance of the ECW Group amid severe persisting challenges in operation and financing activities."

Key Highlights:

Re-Designation of ARC Chairman

As part of the internal reshuffling of committee appointments within the Board and to facilitate succession planning, Dr David Wong See Hong stepped down as Chairman of the Audit and Risk Committee ("**ARC**") with effect from 13 November 2024, while remaining a member of the ARC and an Independent Non-Executive Director on the

Board. Mr Chia Yew Boon, an Independent Non-Executive Director and a current member of the ARC, was appointed as the new Chairman of the ARC.

Change of Auditor

EC World REIT had appointed BDO LLP ("**BDO**") as its new Auditor, following the approval of Unitholders at the Extraordinary General Meeting held on 20 December 2024. BDO will hold office until the conclusion of the next AGM of EC World REIT, and the Manager has been authorised to fix their remuneration.

Asset Management

As of 31 December 2024, the overall occupancy for ECW's portfolio had improved to 86.3% from 84.1% as of 30 September 2024. Weighted average lease to expiry ("**WALE**") stood at 1.2 years for gross rental income and 1.6 years for net lettable area. The Manager continues to work closely with the Property Manager to optimize the occupancy rates of the properties. Existing and prospective tenants are engaged well in advance of lease expiry dates to mitigate the risk of non-renewals and vacancies. As a result, Hengde Logistics achieved an overall committed occupancy of 91.1% as of 31 December 2024 from 89.7% as of 30 September 2024, and Wuhan Meiluote improved its overall committed occupancy to 77.4% from 46.7% over the same period.

Portfolio Valuation Declined by 11.7%

As of 31 December 2024, the year-end fair value of investment properties, based on the valuation by Savills Real Estate Valuation (Guangzhou) Ltd – Shanghai Branch, was RMB3,829 million, representing an 11.7% decline from RMB4,336 million as of 31 December 2023, primarily due to intensified rental competition in 2024 resulting from oversupply in the logistics markets in Hangzhou and Wuhan which led to extremely competitive market conditions, increased vacancy rates and lower rental transactions; the adoption of lower market rental rates in the cash flow projection following the expiry of various MLAs in 2024 especially the decline in market rent within the Chongxian Port vicinity, where rental rates have remained stagnant; and the reduction in land tenure across all assets.

The Imposition of Unauthorised Mortgage over Fuzhou E-commerce

As disclosed previously, the Manager continues to work on discharging of unauthorised mortgage imposed over FZDS ("**Outstanding Relevant Mortgage**"). The case application made by the Group to the relevant court in the People's Republic of China ("**PRC**") to initiate lawsuits ("**Mortgage Revocation Lawsuits**") to revoke the

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Outstanding Relevant Mortgage have been accepted by the PRC court. FZDS remains as the only unauthorised mortgage that has yet to be discharged. The Group had also submitted pleadings to initiate separate legal proceedings against relevant parties to recover losses suffered ("**Loss Recovery Lawsuits**"). Following advice from its PRC legal counsel, the Manager had applied for a temporarily withdraw of the Loss Recovery Lawsuits on a *without prejudice* basis pending the outcome of the Mortgage Revocation Lawsuits.

The maximum financial risk exposure is estimated to be RMB268.6 million (S$50.1 million).

Aggregate Leverage of ECW was 56.5% as of 31 December 2024

As a result of the decline in the property valuation of ECW, the aggregate leverage for the Group was 56.5% as of 31 December 2024 (31 December 2023: 57.9%).

Paragraph 9.4(a) of the Property Funds Appendix states that the aggregate leverage limit is not considered to be breached if it is due to circumstances beyond the control of the Manager. Nevertheless, the increased leverage ratio breached the financial covenant under the existing Offshore Facility Agreement, which requires ECW's leverage ratios to be no more than 40%. In such a scenario, the Manager shall not incur additional borrowings or enter into further deferred payment arrangements. The Manager intends to resolve these issues by restructuring the ECW Group's existing ECW Facilities and divest some assets.

Capital and Debt Structure

As at 31 December 2024, all cash deposits placed as collaterals for SBLC were released for the repayment of revolving credit facilities. The current liabilities of the Group and ECW exceeded the current assets by S$569.5 million and S$113.5 million respectively. The Group's current liabilities include bank borrowings of S$474.8, comprising onshore loans of SGD127.4 million and offshore bank loans of SGD347.4 million outstanding. ECW's capital position has exceeded the gearing limit imposed by the Monetary Authority of Singapore, with aggregate leverage at 56.5% as at 31 December 2024.

The blended all-in running interest rate for the quarter and 12 months ended 31 December 2024 was 9.1% and 8.2% per annum respectively. Due to the changing global economic conditions, ECW expects the blended interest rates for the Offshore Facilities continue to fluctuate as all offshore loans remain unhedged. The Manager will continue to monitor the market conditions and actively manage interest rate and exchange rate risks to minimise adverse impact at an appropriate juncture.

Outlook

According to the National Bureau of Statistics of China, the country's economy expanded by 5.0% year-on-year in 2024, with the fourth quarter growth at 5.4% year-on-year and 1.6% quarter-on-quarter[2]. This performance was bolstered by a 7.1%[3] increase in exports, as businesses and consumers accelerated purchases to avoid potential tariffs from the incoming U.S. administration.

However, the economy of China continues to face challenges such as weak consumer demand and falling prices, and a depressing property market. The World Bank, in its December 2024 assessment, projected that China's growth will decelerate to 4.5% in 2025 due to subdued household and business confidence, as well as ongoing issues in the property market[4].

The International Monetary Fund (IMF) projects global growth at 3.3% in both 2025 and 2026[5], below the historical average of 3.7%. Nevertheless, adverse risks to global growth remain plausible. While growth in the United States has been revised upward, other major economies continue to face downward revisions due to policy uncertainty. The IMF emphasizes the necessity for China to pivot towards a more domestically driven growth model, as the current reliance on external trade may not be sustainable in the long run[6]. The Chinese Government has been promoting various measures to improve its economy.

As of date of this announcement, the unauthorized mortgages imposed over Fuzhou E-Commerce have not been discharged. EC World REIT pursued legal actions to revoke these mortgages to protect unitholders' interests while concurrently negotiating with the Sponsor for their removal. Due to insufficient funds, EC World REIT will continue to suspend distributions until sufficient free cash is available. EC World REIT will continue to face significant financial and cash flow challenges in the short to

[2] https://www.stats.gov.cn/english/PressRelease/202501/t20250117_1958330.html
[3] https://www.cnbc.com/2025/01/13/china-december-imports-exports-beat-expectations.html
[4] https://www.worldbank.org/en/news/press-release/2024/12/26/unlocking-domestic-demand-key-to-reviving-growth-momentum-in-china-world-bank-economic-update
[5] https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025
[6] https://www.imf.org/en/News/Articles/2025/01/17/tr011725-january-2025-world-economic-outlook-update

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medium term. Trading of its units will remain suspended until the financial situation improves.

— End —

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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IMPORTANT NOTICE

The value of the units in EC World REIT (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, the Trustee or any of their affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem 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. 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.

The past performance of EC World REIT is not necessarily indicative of the future performance of EC World REIT.

This announcement may contain forward-looking statements that involve 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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.