



EC World
运通网城 REIT

EC WORLD REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 5 August 2015 under the laws of the Republic of Singapore)

ANNOUNCEMENT ON ASSET VALUATION

Pursuant to Rule 703 of the Listing Manual, EC World Asset Management Pte. Ltd., in its capacity as manager of EC World Real Estate Investment Trust (“**EC World REIT**” and as manager of EC World REIT, the “**Manager**”), wishes to announce that it has obtained updated independent valuations as of 31 December 2023 for Chongxian Port Investment, Chongxian Port Logistics, Beigang Logistics Stage 1, Fu Heng Warehouse, Fuzhou E-Commerce, Hengde Logistics and Wuhan Meiluote (the “**Relevant Properties**”).

The following tables set out the updated independent valuations as of 31 December 2023 for the Relevant Properties (which were conducted by Knight Frank Petty Limited (“**Knight Frank**”). The property valuation of the portfolio of EC World REIT for the year ended in 2023 has declined by 43.0% to RMB4,336 million comparing to RMB7,604 million as at 31 December 2022.

Property	Location	Valuation ¹ (RMB' million) (31 December 2023)	Valuation ¹ (RMB' million) (31 December 2022)	% Change
Chongxian Port Investment	Hangzhou	1,108	2,187	-49.3
Chongxian Port Logistics	Hangzhou	552	820	-32.7
Beigang Logistics Stage 1	Hangzhou	686	1,213	-43.4
Fuheng Warehouse	Hangzhou	295	588	-49.8
Fuzhou E-Commerce	Hangzhou	709	1,251	-43.3
Hengde Logistics	Hangzhou	846	1,375	-38.5
Wuhan Meiluote	Wuhan	140	170	-17.6
Total		4,336	7,604	-43.0

Property	Location	Valuation ¹ (SGD' million) (31 December 2023)	Valuation ¹ (SGD' million) (31 December 2022)	% Change
Chongxian Port Investment	Hangzhou	206	423	-51.3
Chongxian Port Logistics	Hangzhou	103	158	-35.3
Beigang Logistics Stage 1	Hangzhou	127	234	-45.6
Fuheng Warehouse	Hangzhou	55	114	-51.8
Fuzhou E-Commerce	Hangzhou	132	242	-45.5
Hengde Logistics	Hangzhou	157	266	-40.9
Wuhan Meiluote	Wuhan	26	33	-20.8
Total		806	1,470	-45.2

1. The FY2023 valuation figures were converted from RMB to SGD using the closing exchange rate of 0.1858 SGD/RMB as at 31 December 2023 whilst the FY2022 valuation figures were converted from RMB to SGD using the closing exchange rate of 0.1933 SGD/RMB as at 31 December 2022. The figures have been rounded to the nearest million.



EC World
运通网城 REIT

The decline in valuations is largely due to the following factors:

- (i) the deteriorating market situation in the People's Republic of China (the "**PRC**") due to an influx of new warehouse supply as well as a slowdown on the global and local economy, which resulted in softer demand, higher vacancy rate and keen competition in the industry. Accordingly, higher concession packages are required to attract new tenants or retain existing tenants, giving rise to higher leasing costs and lower market rental;
- (ii) a slowdown in the growth of the local economy in Hangzhou which reflects risks under the unstable macroeconomic environment on a local level and weak performance at the property level arising from higher vacancy, inactive leasing activities and a more passive capital market. Further, a large number of new warehouse supply has caused the vacancy in Wuhan to edge up and consequently the industry has prioritised occupancy instead of rental growth;
- (iii) as a measure to tackle the rental arrears issue arising from the master leases and related parties' leases (the "**Relevant Leases**"), the Manager has commenced the novation process to take over the underlying leases from the master leased and related-party leased assets (the "**Relevant Leased Properties**")². The decision was made in order to secure the cashflow of the Relevant Leased Properties. The Relevant Leased Properties were supported by higher rental from the Relevant Leases over the past few years since the initial public offering of EC World REIT which has built-in organic rental escalation in majority of the Relevant Leases against the softer underlying leases. However, the market rental did not grow as much especially during the economic downturn since the COVID-19 pandemic to date. The novation process had resulted in rentals reflecting the real current market situation in the PRC as a result of competitive rental package offered to secure occupancy in the logistics market in the PRC. The termination of the Relevant Leases followed by low rental inherited from the underlying leases in general has posed a significant gap in the rent rates between the Relevant Leases and underlying leases which led to the material drop in the market values of Chongxian Port Investment, Chongxian Port Logistics, Fuheng Warehouse and Fuzhou E-Commerce respectively. The novation process is still on-going.
- (iv) Forchn Holdings Group Co., Ltd., being the sponsor of EC World REIT (the "**Sponsor**"), had commenced asset enhancement work on Beigang Logistics Stage 1 in the first half of 2023 in order to upgrade the property and attract new tenants at its own costs in its capacity as master lessee of Beigang Stage 1. However, the Sponsor encountered severe financial difficulties towards the end of 2023 and could not complete the asset enhancement work till date. The refurbishment requirements and new tenant take-up period have been factored into the valuation assessment; and
- (v) the discontinuation of the lease with China Tobacco in Hengde Logistics Phase 1 had impacted the assessment of the property after taking into consideration the necessary new-tenant take-up period. The leasing department of the property manager of EC World REIT is actively marketing Hengde Logistics Phase 1 in order to build up occupancy.

The valuation reports for the Relevant Properties issued by Knight Frank are available for inspection at the Manager's registered office at 6 Shenton Way, #41-03, OUE Downtown, Singapore 068809, during normal business hours for a period of three months from the date of this announcement. Prior appointment with the Manager would be appreciated.

2. Please refer to paragraph 1 of the Manager's announcement dated 27 February 2024 titled "Updates in relation to (I) Master Lease Arrangements; (II) the decline in valuations; (III) the ECW Facilities; and (IV) applications for extension of time in relation to AGM" for further details on the novation of the underlying leases to the EC World REIT group.



EC World
运通网城 REIT

By Order of the Board

Goh Toh Sim
Executive Director and Chief Executive Officer

EC World Asset Management Pte. Ltd.
(Company Registration No. 201523015N)
As manager of EC World Real Estate Investment Trust

27 February 2024

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 Singapore Exchange Securities Trading Limited (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.