EC World
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**NEWS RELEASE**

# EC World REIT Reported Lower Operating Performance in 1QFY2026

- *Lower operating performance year-on-year*
- *Judgment on the appeal against outstanding mortgages was not in ECW favour*
- *Appeal against April 2026 Judgements concerning relevant outstanding corporate guarantees could not proceed due to funding constraint*
- *Received RMB3.515bn judgment over the guarantee from Beigang to the Sponsor*

## Summary of Results:

| | 1QFY2026 S$'000 | 1QFY2025 S$'000 | Change YoY% | Adjusted 4QFY2025[1] S$'000 | Change QoQ% |
|---|---|---|---|---|---|
| Gross Revenue | 6,088 | 12,679 | (52.0) | 1,949 | n.m[2] |
| Net Property Income ("**NPI**") | 4,522 | 10,783 | (58.1) | (1,890) | n.m |
| Calculated Distribution to Unitholders[3] | - | - | n.m | - | n.m |
| Calculated DPU (**Cents**)[3] | - | - | n.m | - | n.m |

***Singapore, 14 May 2026 –*** EC World Asset Management Pte. Ltd., as the manager of EC World Real Estate Investment Trust ("**ECW**") (the "**Manager**"), reported a lower year-on-year first quarter 2026 ("**1QFY2026**") operating performance across its

[1] The revenue for 4QFY2025 was adjusted due to an adjustment for FY2025under an alternative basis recognised in December 2025

[2] Due to adjustment for FY2025, it is not meaningful to compare 4QFY2025 gross revenue with 1QFY2026 revenue.

[3] 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 was no distribution for FY2025. It is highly likely that no distribution will be declared for the financial year 2026.

portfolio. Gross revenue and NPI in RMB terms were 52.0% and 58.1% lower compared to 1QFY2025. The significant drop in revenue and NPI was mainly attributable to the derecognition of revenue from Bei Gang stage 1 as Forchn Holdings Group Co., Ltd. (the "**Sponsor**") , being the lessee, was undergoing reorganisation proceedings (the "**Reorganisation**"), the discontinuation of a third-party anchor tenant lease at Hengde Logistics Phase II, the cessation of shortfall compensation and late fee income from the Sponsor Group, as well as lower contribution from underlying tenants.

Finance costs of S$10.6 million were S$0.2 million or 2.3% lower compared to 1Q2025 mainly due to lower loan quantum. This in turn has resulted in the slight decrease of the blended all-in running interest rate for the quarter ended 31 March 2025 to 8.7%, from 8.8% in the corresponding period.

Mr Goh Toh Sim, Executive Director and CEO of the Manager, said, "on quarterly basis, the higher revenue compared to 4QFY2025 was mainly due to the revenue adjustment for FY2025 under an alternative basis recognised in December 2025. As such, comparison is not meaningful.

The Manager has filed claim with the Administrator of the Sponsor over the outstanding receivables.

The Manager continues to explore the divestment of some or all of ECW's properties to pare down existing facilities. At the date of this announcement, ECW has not received any reasonable offer to purchase from potential buyers, nor indication of any notice of enforcement action from the lenders of ECW. The Manager continues to make its best endeavour to stabilise the performance of the ECW Group amid the ongoing persisting challenges from operation and financing activities.

The outstanding mortgages and relevant outstanding corporate guarantees have major impact on ECW. Given that these are pledged by many other non-ECW companies, we are not able to assess the full impact at present."

## Key Highlights:

**Reorganization of the Sponsor**

Subsequent to the submission of preliminary claims against the Sponsor group entities (the "**Sponsor Group**"), the Group has managed to offset RMB89.3 million receivables and the payables with the Sponsor Group. Given the prolonged overdue status of the remaining receivables and uncertainties arising from the ongoing Reorganisation process of the Sponsor Group, a total impairment allowance of S$77,444,000 has been recognised as at 31 March 2026 to reduce the carrying amount of the trade and other receivables from the Sponsor Group to their estimated recoverable amounts.

The Reorganisation of the Sponsor remains in progress and there is no certainty that the Reorganisation will be successful which in turn may involve a change in control in respect of EC World REIT, depending on the progress of the Reorganisation.

**Outstanding relevant mortgages and guarantees in favour of Fuyang Entities**

Subsequent to the receipt of judgements issued by Hangzhou Intermediate Court on 29 January 2026 dismissing the ECW group's appeal applications for orders on the invalidity and revocation of the Relevant Outstanding Mortgage (the "**January 2026 Judgments**"), the Manager has applied to higher level courts for re-trial of the April 2025 Judgements and the January 2026 Judgements and have yet to receive a response. However, please note that such application cannot be taken as an appeal of the January 2026 Judgements.

As further mentioned in the 17 April 2026 Announcement, PRC legal counsel has received judgements issued by Hangzhou Intermediate Court on 13 April 2026 in favour of the Fuyang Futoufa for the two separate cases in the Hangzhou Court, against the three ECW's subsidiaries. As the lenders of ECW have not granted approval to release the funds to pay the court fees for the appeal, the appeal could not proceed. As a result, the April 2026 Judgements become final and conclusive and binding on FZDS, FHCC and HDSP. As a contingent liability of RMB 286 million relating to unauthorised mortgages and guarantees has been recognised by ECW in the financial statements announced, there is no further adjustment to be made at this juncture.

**Corporate guarantee by Beigang**

One of the major creditors of the Sponsor, Hangzhou Fenhua Investment LLP(HZFH) has initiated a legal proceeding against ECW's subsidiary, Hangzhou Beigang Logistics Co., Ltd. ("Beigang"), and certain other entities outside the ECW Group in the Hangzhou Intermediate Court in relations to guarantees entered into by Beigang and Other Entities as guarantors on 31 December 2021 under which the guarantors agreed to guarantee the payment obligations the Sponsor to HZFH under an equity repurchase agreement entered between the Sponsor and HZFH. The Manager's PRC counsel informed the Manager of a judgement from the Hangzhou Intermediate Court on 6 May 2026 ruling Beigang and the Other Entities be jointly liable for a total amount of RMB 3.515 billion.

**Capital and Debt Structure**

As at 31 March 2026, the current liabilities of the Group and ECW exceeded the current assets by S$234.7 million and S$117.3 million respectively. The Group's current liabilities include bank borrowings with a carrying value of S$476.8 million comprising S$342.2 million of offshore loans (the "**Offshore Facility**") and S$134.6 million of onshore loans (the "**Onshore Facility**"), both of which are repayable on demand due to the occurrence of several events of default. ECW's capital position has exceeded the gearing limit imposed by the Monetary Authority of Singapore, with aggregate leverage at 94.2% as at 31 March 2026 (31 December 2025: 95.1%).

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 continues to explore options to resolve these issues by restructuring the ECW Group's existing ECW Facilities and divesting some assets.

The blended all-in running interest rate for the quarter ended 31 March 2026 was 8.7% mainly due to the slight decrease of the loan quantum.

**Outlook**

In the first quarter of 2026, China's economy grew by 5.0% year-on-year, with a quarter-on-quarter expansion of 1.3%[4]. The composition of growth remained uneven: industrial production, high-tech manufacturing, infrastructure and exports provided support, while consumption and the property sector remained comparatively soft[4]. However, the recovery remains uneven, with persist challenges including weak domestic demand, property stress, geopolitics and financing conditions remain key risks.

China's real estate sector continues to weigh on broader economic momentum. Property investment fell 11.2% year-on-year in the first quarter of 2026; newly built commercial building sales fell 10.4% by floor area and 16.7% by value[4]. Logistics real estate fundamentals were weaker than logistics activity indicators with nationwide logistics net absorption of 1.25 million sqm in 1Q2026, down 59% quarter-on-quarter and 49% year-on-year, reflecting short-term lease terminations and cross-border e-commerce consolidation.[5] These weighs heavily on our divestment efforts.

As of March 2025, EC World REIT continues to face significant financial and cash flow challenges. Due to insufficient funds, EC World REIT will continue to suspend distributions until sufficient free cash is available. Trading of its units will remain suspended until the financial situation improves. The Manager will continue to assess the impact of the outstanding mortgages and corporate guarantees.

— End —

[4] https://www.stats.gov.cn/english/PressRelease/202604/t20260416_1963326.html
[5] https://www.cbre.com/insights/figures/china-figures-q1-2026

## 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.