

NEWS RELEASE

EC World REIT Reported Lower Calculated DPU in 3QFY2024

- Lower operating performance across its portfolio year-on-year
- Lawsuit to revoke the Outstanding Relevant Mortgage pending PRC court process

Summary of Results:

	3QFY2024	3QFY2023	Change	9MFY2024	9MFY2023	Change
	S\$'000	S\$'000	YoY%	S\$'000	S\$'000	YoY%
Gross Revenue	25,081	27,001	(7.1)	76,314	82,715	(7.7)
Net Property Income ("NPI")	22,807	24,748	(7.8)	69,999	76,542	(8.5)
Calculated Distribution to Unitholders ¹	3,249	7,416	(56.2)	16,781	24,039	(30.2)
Calculated DPU (Cents) ¹	0.401	0.916	(56.2)	2.072	2.969	(30.2)

Singapore, 12 November 2024 – EC World Asset Management Pte. Ltd., as the manager of EC World Real Estate Investment Trust ("ECW") (the "Manager"), reported for third quarter of 2024 ("3QFY2024") lower operating performance across its portfolio year-on-year, mainly due to discontinuation of China Tobacco leases in relation to Hengde Logistics Phase 1, lower rental income from Chongxian Port Logistics, and expiry of Master Lease Agreement in August 2024 for Fuzhou E-Commerce and weakening of RMB against SGD, mitigated partly by higher late fee

¹ Subject to funding availability, the next distribution to Unitholders would be for the period from 1 July 2024 to 31 December 2024



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and organic rental escalations. After straight-line rental adjustment, security deposit accretion and other relevant distribution adjustments, gross revenue and NPI in RMB terms were 6.9% and 7.7% lower respectively as compared to 3QFY2023.

As of 30 September 2024, the 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 RMB591.3 million (S\$108.0 million). Of the Outstanding Rent Receivables, RMB512.8million (S\$93.6 million) represents the rent payable pursuant to master leases, while the balance RMB78.5 million (S\$14.4 million) represents the rent payable by the Sponsor Group pursuant to other related party leases. Management has been in negotiation with the Sponsor for a master offset agreement (the “**Master Offset Agreement**”) to offset all the receivables from the Sponsor Group against its payables to the Sponsor Group including the security deposit amount paid by the master lessees and the advance payments received from the Purchasers of the proposed divestment, hence no impairment allowance was made. In relation to the RMB32.6m (S\$5.9 million) Fu Zhuo Industrial compensation, the Manager is exploring various options including divestment of the underlying subsidiary to recover the outstanding receivables.

On 26 October 2024, the Manager announced updates regarding an application by Franklin Medici Alternative Investment VCC, on behalf of FM REAL ESTATE FUND, and related litigation involving Forchn International Pte. Ltd (“**FIPL**”) and Mr Zhang Guobiao. On 12 August 2024, the General Division of the High Court of Singapore issued an enforcement order “the “**Enforcement Order**”) authorizing the Sheriff to seize and sell certain assets belonging to Mr Zhang (the “**Relevant Property**”), followed by a Notice of Seizure on 2 September 2024 to entities including the Singapore Land Authority, prohibiting dealings with the Relevant Property unless ordered otherwise by the Court. This enforcement action constitutes an event of default pursuant to the Offshore Facilities, triggering a cross-default under ECW’s Onshore Facilities, and may permit lenders to accelerate the Facilities if the default persists. As of this announcement date, the Manager has received no indication that the lenders intend to accelerate the Facilities.

Finance costs of S\$14.4 million were S\$2.6 million or 22.3% higher compared to 3QFY2023 mainly due to higher interest rate for offshore facilities in the quarter and additional finance cost incurred for the settlement of short-term advance from an onshore SBLC issuer. ECW’s blended all-in running interest rate for the quarter and 9 months ended 30 September 2024 was 9.5% and 7.9% per annum respectively, from 6.5% and 6.0% in the corresponding period.

Calculated distribution to Unitholders of S\$3.2 million represents S\$4.2 million or 56.2% decrease compared to 3QFY2023 mainly due to lower revenue and higher finance cost in 3QFY2024.

Mr Goh Toh Sim, Executive Director and CEO of the Manager, said, “on quarterly basis, the revenue in RMB terms was 6.1% lower compared to 3QFY2023. Due to insufficient funds, there was no distribution for the period from 1 July 2023 to 31 December 2023 and 1 January 2024 to 30 June 2024. There will be no distribution for the period from 1 July 2024 to 31 December 2024 as well. The Manager has been in negotiation with the Sponsor for a Master Offset Agreement to resolve the outstanding receivables.

In addition, the Manager continues to endeavour on discharging of unauthorised mortgage imposed over Fuzhou E-Commerce although the case to revoke the mortgage is still pending.

The restructuring of the existing Onshore Facility has been completed while a Pre-enforcement Notice was issued for the offshore facility. At the date of this announcement, the Group has not received any notice of enforcement action. In the meantime, ECW Group continues to face severe challenges to maintain its operation and meet the financing obligations.”

Key Highlights:

Application for extension of time to submit a resumption proposal

The Manager has applied to the SGX-ST for a waiver from Rule 1304(1) to extend the submission deadline of resumption proposal to 31 May 2025 (the “**Waiver**”), providing additional time to resolve uncertainties, finalize the Resumption Proposal, and update Unitholders accordingly. This extension seeks to ensure that Unitholders have sufficient information for informed decision-making before trading resumes. The Waiver Application was made with the aim of enabling the EC World REIT group to meet conditions imposed by lenders under the Offshore Facility Agreement, including the divestment of assets to satisfy liabilities under the agreement by 31 May 2025. On 12 September 2024, SGX-ST had informed that SGX-ST had no objection to the Waiver to comply with Rule 1304(1) of the Listing Manual, allowing an extension of time to submit a Resumption Proposal from 30 August 2024 to 31 May 2025, subject to certain conditions.

The Imposition of unauthorised mortgage over Fuzhou E-commerce

The Manager continues to work on discharging of unauthorised mortgage imposed over Fuzhou E-Commerce (“**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 Outstanding Relevant Mortgage have been accepted by the PRC court. Fuzhou E-Commerce remains as the only unauthorised mortgage that has yet to be discharged.

The maximum financial risk exposure is estimated to be RMB268.6 million (S\$49.0 million).

Asset Management

As at 30 September 2024, the overall occupancy for ECW’s portfolio had improved to 84.1%. Weighted average lease to expiry (“**WALE**”) stood at 0.7 year 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 89.7% as at 30 September 2024 from 76.2% as at 30 June 2024, and Wuhan Meiluote improved its overall committed occupancy of 46.7% from 33.8% as at 30 June 2024.

Aggregate Leverage of ECW was 56.1% as of 30 September 2024

As of 30 September 2024, the aggregate leverage for the Group was 56.1% (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 Facility and divest some assets.

Capital and Debt Structure

As at 30 September 2024, all revolving credit facilities have been fully repaid using the cash collaterals for the SBLC. The current liabilities of the Group and ECW exceeded the current assets by S\$556.5 million and S\$112.3 million respectively. The Group's current liabilities include bank borrowings of S\$466.3, comprising onshore loans of SGD124.9 million and offshore bank loans of SGD341.4 million outstanding. ECW's capital position has exceeded the gearing limit imposed by the Monetary Authority of Singapore, with aggregate leverage at 56.1% as at 30 September 2024.

The existing Onshore Facility was refinanced in full with an aggregate principal amount of up to RMB745.5 million in May 2023 (the "**2023 Onshore Facility**"). As announced earlier, the restructuring of the existing Onshore Facility has been completed following the entry into Onshore Supplementary Agreement which will allow the Group to defer part of the interest expense payments and principal instalment repayments to April 2026. The EC World REIT group is not able to pay the full principal and interest expenses due on 30 April 2024 under the Offshore Facilities. On 10 June 2024, the Manager has received the Pre-enforcement Notice from the offshore facility agent and the Pre-enforcement Notice allows up to 31 May 2025 for the Group to divest its assets in such amount sufficient to repay the Offshore Facility.

As announced by the Manager on 26 October 2024, the General Division of the High Court of the Republic of Singapore issued an enforcement order on 12 August 2024 authorizing the Sheriff to seize and sell the Relevant Property, and on 2 September 2024, a Notice of Seizure was issued by the Sheriff to parties including the Singapore Land Authority and Mr. Zhang Guobiao, directing them not to deal with or dispose of the Relevant Property unless ordered otherwise by the Court. The Enforcement Order and Notice of Seizure constitute an event of default under the Offshore Facilities, triggering a cross-default under ECW's existing Onshore Facilities, and while the Manager promptly informed the lenders of these developments upon receiving updates from the Sponsor, it has not received any indication from the lenders, as of the announcement date, that they intend to accelerate the Facilities due to these circumstances.



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The blended all-in running interest rate for the quarter and 9 months ended 30 September 2024 was 9.5% and 7.9% per annum respectively. Due to the changing global economic conditions, ECW expects the blended interest rates for the Offshore Facilities will continue to fluctuate due to 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 time.

Outlook

According to the National Bureau of Statistics of China, the country's Gross Domestic Product (GDP) grew by 4.6% year-on-year in the third quarter of 2024, slightly below the 4.7% growth observed in the second quarter². This indicates a modest deceleration in overall economic expansion, reflecting ongoing structural challenges.

Retail sales in September 2024 increased by 3.2% year-on-year, surpassing the 2.1% growth recorded in August. This improvement suggests a gradual recovery in consumer spending³.

Industrial production also showed resilience, with a 5.4% year-on-year increase in September 2024, up from 4.5% in August 2024⁴. This uptick indicates strength in the manufacturing sector despite broader economic pressures.

The real estate sector continues to face significant challenges. Property investment declined by 10.1% year-on-year in the first nine months of 2024⁵, and new home prices fell by 5.8% year-on-year in September 2024, marking one of the sharpest declines since the government's latest support measures⁶. Additionally, property sales of the top 100 developers shrank 37.7% in September 2024 compared to the previous year⁷.

The International Monetary Fund (IMF) has adjusted its global growth forecasts, estimating growth at 3.2% for 2024 and 2025, slowly decelerating from 3.3% in 2023

² https://www.stats.gov.cn/english/PressRelease/202410/t20241018_1957042.html

³ https://www.stats.gov.cn/sj/zxfb/202410/t20241018_1957040.html

⁴ <https://www.cnbc.com/2024/10/18/china-retail-sales-urban-investment-september.html>

⁵ <https://www.reuters.com/world/china/chinas-property-investment-falls-101-yy-jan-sept-2024-10-18/>

⁶ <https://www.reuters.com/markets/asia/china-new-home-prices-fall-fastest-pace-since-2015-2024-10-18/>

⁷ <https://www.spglobal.com/ratings/en/research/articles/241018-china-property-watch-charting-a-path-to-stabilization-13280334>



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to 3.1% by 2029⁸. The IMF projects that China's economic will slow from 5.2% in 2023 to 4.8% in 2024 and 4.5% in 2025. A prolonged or deeper contraction in China's property sector could weaken consumer sentiment and have global repercussions due to China's significant role in international trade⁸.

As of the date of this announcement, the unauthorized mortgage imposed on Fuzhou E-Commerce have not yet been discharged. ECW will continue to face serious financial stress in the short to medium term, while the trading of the units of ECW will continue to be suspended until the financial situation improves.

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⁸ <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>



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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.

For queries, please contact:

Ms Yu Wensu
Manager, Investor Relations
EC World Asset Management Pte. Ltd.
Tel: +65 6221 9018
Email: ir@ecwreit.com | wensu@ecwreit.com



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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.