



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

ANNOUNCEMENT

UPDATE ON NOTICE OF COMPULSORY EXPROPRIATION OF FU ZHUO INDUSTRIAL

1. Expropriation and Compensation Agreement

Further to the announcement dated 10 January 2022 in relation to the compulsory expropriation of Fu Zhuo Industrial (the “**Compulsory Expropriation**”), 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 update unitholders that EC World REIT has entered into an expropriation and compensation agreement (the “**Expropriation Agreement**”) with the Chongxian Sub-district Office of the People's Government of Linping District, Hangzhou City, People's Republic of China (“**PRC**”) in relation to the Compulsory Expropriation.

2. Compensation Package

Under the terms of the Expropriation Agreement, the PRC authorities shall provide a compensation package to EC World REIT (the “**Compensation Package**”) which amounts to RMB 108.5 million (the “**Compensation Amount**”), representing approximately 92.8% of Fu Zhuo Industrial's valuation of RMB 117 million as at 31 December 2020 (being the latest announced valuation) and about 26.8% higher than the purchase consideration of Fu Zhuo Industrial at RMB 85.6 million at the initial public offering of units (“**IPO**”) of EC World REIT. The Manager has been informed by the PRC authorities that the Compensation Package has been assessed based on a cost approach and has taken into account the compensation for the land, building structures, fixtures and fittings, facilities, removal costs, temporary relocation expenses for 12 months, business interruption losses as well as an incentive bonus for the timely execution of the Expropriation Agreement and vacation of land.

The Compensation Amount shall be disbursed to the Fu Zhuo Industrial as follows:

- (i) Within 30 business days from the date of signing of the Expropriation Agreement – 30% of the Compensation Amount;
- (ii) Within 30 business days from the date of vacation of Fu Zhuo Industrial – 40% of the Compensation Amount; and
- (iii) Within 30 business days from the date of de-registration of title ownership of Fu Zhuo Industrial – 30% of the Compensation Amount.

The Compensation Package will be subject to PRC property disposal related taxes including land appreciation tax, value added tax, stamp duty, capital gain tax and corporate income tax. The Manager's tax advisors are currently conducting an assessment on the amount of tax payable. The Manager will provide a separate update to unitholders once the tax assessment has been completed and finalized with PRC tax authorities.

3. Lessee Compensation

There are currently two tenants at Fu Zhuo Industrial, one of them being a subsidiary of Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the "**Sponsor**") and the other being a third-party tenant. Under the lease agreement with the third-party tenant, as a result of the early lease termination due to expropriation, the compensation for expropriation of policy and commercial nature in relation to the building structures repaired, constructed or reconstructed by the third-party tenant shall belong to the third-party tenant. The potential amount of compensation to be paid to the third-party tenant is to be assessed based on the details of the Compensation Package. The lease agreement with the Sponsor's subsidiary does not specifically include similar clause regarding the allocation of compensation in relation to the Compulsory Expropriation. The Manager has negotiated and agreed with the Sponsor's subsidiary that no compensation will be made to the Sponsor's subsidiary for the early termination of the lease. Under the terms of the Expropriation Agreement and Notice of Vacation issued by PRC authorities, the tenants of Fu Zhuo Industrial will have to vacate the property by 31 March 2022.

4. Use of Proceeds

The Manager intends to disburse the proceeds received from the Compulsory Expropriation for the following purposes:

- (i) compensation to the third-party tenant;
- (ii) payment of taxes in relation to the compensation package;
- (iii) partial payment of existing borrowings subject to lenders' approval; and
- (iv) distribution or working capital purposes (including the relevant taxes to be incurred when repatriating funds from onshore to offshore and retention for contingent liabilities).

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, utilise the proceeds from the Compulsory Expropriation at its absolute discretion for other purposes.

5. Further Updates

The Manager will provide unitholders with further updates on the matters relating to the Compulsory Expropriation as and when there are material developments.

For and on behalf of the Board

Goh Toh Sim
Executive Director and Chief Executive Officer

EC WORLD ASSET MANAGEMENT PTE. LTD.
(Company registration number: 201523015N)
As manager of EC World Real Estate Investment Trust

Date: 9 March 2022

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 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.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

This announcement 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 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