



EC WORLD REAL ESTATE INVESTMENT TRUST

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

RESPONSE TO SGX-ST'S QUERIES

The Board of Directors of 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 the following in response to queries raised by Singapore Exchange Securities Trading Limited in relation to EC World REIT’s extension and refinancing of its existing loan facilities.

Question 1:

Why the refinancing of the multicurrency term loan facilities with an outstanding aggregate principal amount of S\$299,950,000 and US\$86,780,000 (the “**Offshore Facilities**”) and the term loan facilities with an outstanding aggregate principal amount of RMB 906,561,563 (the “**Onshore Facilities**”) have not progressed as expected, and the current status of the refinancing discussions?

Response:

The Manager announced that it has been approached by Forchn International Pte. Ltd. in relation to a potential transaction (“**Potential Transaction**”) involving EC World REIT’s interests in all of its properties, which may or may not lead to the divestment of these properties. Subsequently, in view of the market conditions and the fluctuations in exchange rate between Renminbi and Singapore dollars / US dollars, the buyers have decided not to proceed with the Potential Transaction as the bases on which the buyers had approached the Manager in relation to the Potential Transaction have changed significantly. The Manager announced this update on 28 December 2021. Despite the Manager’s continued efforts to engage with its lenders regarding refinancing matters during the period of evaluation of the Potential Transaction, the lenders were not prepared to make a decision pending the outcome of the Potential Transaction and therefore the refinancing of the Offshore Facilities and the Onshore Facilities have not progressed as expected.

The maturity date of the Offshore Facilities has been extended to the earlier of (i) the earliest maturity date of the Onshore Facilities and (ii) 30 April 2023 while the Manager is working with lenders to the Onshore Facilities to finalise the documentation for extension of the maturity date of the Onshore Facilities to 30 April 2023, to accommodate for a complete refinancing process.

Question 2A:

Why are the proposed maturity date extensions for the Offshore Facilities and the Onshore Facilities for a period of less than 12 months?

Response:

The proposed maturity date extensions represent the maximum period which the lenders to the Offshore Facilities and the Onshore Facilities are willing to accord as they do not expect the refinancing process to last beyond 30 April 2023.

Question 2B:

Please elaborate on the reasons why the lenders to the Offshore Facilities and the Onshore Facilities do not expect the refinancing process to last beyond April 2023. Are there any provisions for further extensions in the future, or is April 2023 a hard long-stop date?

Response:

Based on the agreement between EC World REIT and the lenders to the Offshore Facilities (the “**Offshore Lenders**”) to extend the current Offshore Facilities to 30 April 2023, the Offshore Lenders require at least 25% of the existing Offshore Facilities to be repaid by 31 December 2022 (the “**Repayment**”) and for discussions on refinancing of the remaining amount of Offshore Facilities (i.e. the amount of outstanding facilities post-Repayment) (the “**Remaining Offshore Facilities**”) to commence immediately. The Offshore Lenders believe that the 10 months period granted would be sufficient to complete the refinancing of the Remaining Offshore Facilities.

Question 3:

Why is the extension of the Offshore Facilities maturity date tied to the maturity of the Onshore Facilities?

Response:

This is because majority of the lenders of the Onshore Facilities (the “**Onshore Lenders**”) are also the Offshore Lenders and these lenders require the maturity date of the Offshore Facilities to match the maturity date of the Onshore Facilities. In addition, the Onshore Facilities and the Offshore Facilities are seen as a combined financing package which is supported by EC World REIT’s properties.

Question 4:

Is EC World REIT aware of or expects any issues/difficulties in extending the Onshore Facilities?

Response:

The Manager is not aware of any issues or difficulties in extending the Onshore Facilities at this juncture. The Manager is still working with the Onshore Lenders to finalise the documentation for extension of the maturity date of the Onshore Facilities.

Question 5A:

How does EC World REIT plan to assure unitholders that the loans can be successfully refinanced?

Response:

The Manager is working closely with the lead Onshore Lenders and the lead Offshore Lenders on the refinancing process and will provide timely updates to the unitholders on the refinancing process.

Question 5B:

Is there a timeline / hard deadline for the refinancing negotiations with the Onshore Lenders and the Offshore Lenders to complete?

Response:

The refinancing of the Remaining Offshore Facilities needs to be completed by 30 April 2023.

Question 6A:

What are the implications on the Offshore Facilities, in the event that the Onshore Facilities are not extended / renewed?

Response:

The implication is that the Offshore Facilities will mature on the existing maturity date of the Onshore Facilities which is 26 July 2022.

Question 6B:

Does EC World REIT have sufficient capital (or have contingency plans) to meet the obligations of the Onshore Facilities and Offshore Facilities, in the event that no extension is granted?

Response:

EC World REIT has extended the maturity date of the Offshore Facilities to 30 April 2023. The Manager and the Onshore Lenders are in the process of finalising the extension of the maturity date of the Onshore Facilities (save for a RMB 63,749,144 portion of the Onshore Facilities which will expire in July 2029) to 30 April 2023.

Question 7A:

With regards to the undertaking provided by Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the “**Sponsor**”), in connection with the Offshore Facilities (the “**Undertaking**”), when is the Undertaking due?

Response:

The Sponsor has provided the Undertaking to the Offshore Lenders on 31 May 2022 in connection with the extension of maturity date of the Offshore Facilities. Pursuant to the Undertaking, the Sponsor will:

- (i) procure that the exercise of refinancing of the Offshore Facilities is commenced immediately; and
- (ii) by 31 December 2022, ensure that at least 25% of the aggregate principal amount of the outstanding Offshore Facilities are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise.

Question 7B:

What are the implications of the Undertaking on EC World REIT?

Response:

The Offshore Lenders requested for the Undertaking when the Manager was negotiating for the extension of the maturity date of the Offshore Facilities. Details of the Undertaking have been announced by the Manager on 1 June 2022.

Question 7C:

What is the likelihood that Undertaking is not received and what are the ensuing implications?

Response:

The Undertaking has already been provided to the Offshore Lenders on 31 May 2022 in connection with the extension of the maturity date of the Offshore Facilities. If at least 25% of the aggregate principal amount of the outstanding Offshore Facilities is not repaid by 31 December 2022, EC World REIT faces an event of default which will trigger mandatory prepayment of the Offshore Facilities.

Question 7D:

Will the impact of such an event of default be limited to triggering mandatory prepayment of the Offshore Facilities only, or will this event trigger cross defaults across other financial facilities/ non-financial agreements?

Response:

The event of default will, in addition to triggering mandatory prepayment of the Offshore Facilities, also trigger cross defaults across EC World REIT's other existing facilities such as the Onshore Facilities and revolving loan facilities.

Question 7E:

What is the current stage of negotiations with the Sponsor?

Response:

Further to the Undertaking, the Manager has on 13 June 2022 signed and announced the entry into a non-binding Memorandum of Understanding ("**MOU**") with a subsidiary of the Sponsor to explore the potential divestment of two of EC World REIT's assets - Beigang Stage 1 Logistics and Chongxian Port Logistics. The Manager would like to highlight that the MOU is non-binding in nature and is intended to be for the purposes of facilitating negotiations between the parties only.

Question 7F:

For the refinancing of the Offshore Facilities to be commenced immediately, will this be undertaken by the same lenders or with different lenders?

Response:

The lead lenders of the existing Offshore Facilities will continue to be the lead lenders for the refinancing exercise. However, the Manager understands that certain participating lenders of the existing Offshore Facilities may choose not take part in the refinancing exercise due to the reduction in the size of the facilities.

Question 7G:

Please provide the background and details of the Undertaking, including but not limited to, the specific requirements under this undertaking and the detailed actions that are required of the Sponsor.

Response:

Due to macro-economic situation and property market conditions in the People's Republic of China, the Offshore Lenders had called on EC World REIT to divest some of its assets to repay at least 25% of the aggregate outstanding amount of the Offshore Facilities by the end of 2022 and proceed to refinance the remaining amount of Offshore Facilities. To ensure that this condition is met by 31 December 2022, the Offshore Lenders requested for the Sponsor to provide an undertaking that it will (1) procure that the exercise of the refinancing of the Offshore Facilities is commenced immediately; and (2) ensure that at least 25% of the aggregate outstanding amount of the Offshore Facilities are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise by 31 December 2022.

An extract of clause 2.1 of the Undertaking is set out below for your reference:

"2.1 The Sponsor unconditionally and irrevocably undertakes with the Security Agent and each of the Secured Parties that it will:

- (a) procure that the Refinancing exercise is commenced immediately after the Effective Date;*
- (b) by 31 December 2022:*
 - (i) ensure that at least 25% of the aggregate amount of the Loans then outstanding are repaid; and*
 - (ii) acquire (or procure that a consortium led by it acquires) asset(s) of the Trustee and/or its subsidiaries, to the extent required in order to ensure compliance with paragraph (b)(i) by 31 December 2022,*

provided that, for the avoidance of doubt, (A) parties agree that the Sponsor shall not be required to ensure the repayment of any part of the remaining 75% of the aggregate amount of the Loans then outstanding, and (B) no breach of Clause 2.1(b)(ii) above will arise solely as a result of Clause 2.1(b)(ii) not being complied with by 31 December 2022, if the Facility Agent is satisfied that, on or before 31 December 2022, at least 25% of the aggregate amount of the Loans then outstanding have been prepaid or repaid by the Borrowers."

In relation to the above extract:

- (i) the term "Security Agent" refers to DBS Bank Ltd. (acting as the security agent under and in connection with, among others, the Offshore Facilities agreement (as amended and restated) (the "**Offshore Facilities Agreement**"));
- (ii) the term "Secured Parties" refers to each of DBS Bank Ltd and United Overseas Bank Limited (acting as the coordinators and bookrunners under the Offshore Facilities Agreement), United Overseas Bank Limited (acting as the facility agent under the Offshore Facilities Agreement), DBS Bank Ltd. (acting as the security agent under and in connection with, among others, the Offshore Facilities Agreement), DBS Bank Ltd., United Overseas Bank Limited, China CITIC Bank International Limited Singapore Branch, Malayan Banking Berhad, Singapore Branch, The Bank of East Asia, Limited, Singapore Branch, Bangkok Bank Public Company Limited, Singapore Branch, Deutsche Bank AG, London Branch and CMBI Global SPC acting for the account of CMBI SF Fund SP (acting as the lenders under the Offshore Facilities Agreement) and any other party which has become a lender under the terms of the Offshore Facilities Agreement and DBS Bank Ltd., United Overseas Bank Limited, China CITIC Bank International Limited Singapore Branch, Malayan Banking Berhad, Singapore Branch (acting as the hedging banks under the Offshore Facilities Agreement) and any other party which has become a hedging bank in accordance with the terms of the Offshore Facilities Agreement.

- (iii) the term “Refinancing” refers to the refinancing of the Offshore Facilities;
- (iv) the term “Effective Date” refers to the effective date of the amendment and restatement agreement to the Offshore Facilities Agreement;
- (v) the term “Loans” refers to the Offshore Facilities; and
- (vi) the term “Trustee” refers to DBS Trustee Limited, in its capacity as trustee of EC World REIT.

Question 7H:

What is the objective of the requirement under the Undertaking whereby the Sponsor will ensure by 31 December 2022, that at least 25% of the aggregate principal amount of the outstanding Offshore Facilities are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise? Is this requirement, basically an acquisition of the assets of EC World REIT and/or its subsidiaries, with the consideration being the repayment of 25% of the outstanding Offshore Facilities?

Response:

The requirement is essentially for EC World REIT to repay at least 25% of the aggregate outstanding amount of the Offshore Facilities. This can be done through various methods, including the acquisition of the asset(s) of EC World REIT and/or its subsidiaries or otherwise.

For and on behalf 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

Date: 29 June 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 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 of EC World REIT. 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.

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.