



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

ANNOUNCEMENT

UPDATE RELATING TO THE PROPOSED DIVESTMENT OF BEIGANG LOGISTICS STAGE 1 AND CHONGXIAN PORT LOGISTICS

1. INTRODUCTION

EC World Asset Management Pte. Ltd., in its capacity as manager of EC World REIT (“**EC World REIT**”), and the manager of EC World REIT, the “**Manager**”), refers to its announcement dated 3 October 2022 (the “**Divestment Announcement**”) in relation to the proposed divestment (the “**Proposed Divestment**”) of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics (the “**Divestment Properties**”).

Unless otherwise defined, all capitalised terms used in this announcement shall have the meaning ascribed to them in the Divestment Announcement.

2. TRANSACTION FINANCING

As stated in the Divestment Announcement, Richwin Investment Pte. Ltd. (a wholly-owned subsidiary of EC World REIT) (the “**Vendor**”), Hangzhou Futou Beigang Enterprise Management Co., Ltd. (“**HFBEM**”), Forchn International Pte. Ltd. (and together with HFBEM, the “**Purchasers**”) and Forchn Holdings Group Co., Ltd. (the Sponsor of EC World REIT) had on 30 September 2022 entered into the Equity Purchase Agreement in relation to the Proposed Divestment.

As set out in paragraph 4.6.2 of the Divestment Announcement, pursuant to the Equity Purchase Agreement, the Purchasers undertook to use commercially best efforts to procure the finalisation and entry into of the documents in connection with the Transaction Financing¹ (the “**Transaction Financing Documents**”) with the lenders under the Transaction Financing by no later than the date falling seven weeks after the signing of the Equity Purchase

¹ “**Transaction Financing**” means the onshore tranche of financing which may be entered into by the relevant Target Companies for the purposes of repaying part of the existing banking facilities of the Vendor’s Group (which shall comply with the Agreed Financing Principles).

Agreement (being 18 November 2022) (the “**Transaction Financing Long-Stop Date**”) or such later date as may be mutually agreed by the Parties provided that, among others:

- (a) the Vendor shall cooperate in good faith to procure the relevant Target Companies to enter into the Transaction Financing Documents on terms and conditions reasonable to the Vendor (having regard to the Vendor’s own commercial position) prior to the issuance of the notice of the extraordinary general meeting to be held in relation to the Proposed Divestment (the “**EGM**”);
- (b) in no event shall the Vendor or the Purchasers be required to accept any terms and conditions that are not reasonably acceptable to it, or which contradict the Agreed Financing Principles².

As set out in paragraph 4.6.3 of the Divestment Announcement, pursuant to the Equity Purchase Agreement, if the Transaction Financing Documents are not executed by the Transaction Financing Long-Stop Date:

- (i) the Sponsor shall indemnify the Vendor for the costs and expenses incurred by the Vendor in connection with the preparation, negotiation and entry into of the Equity Purchase Agreement, the proposed sale of the Target Equity Interests³, the Transaction Financing and the Transaction Financing Documents;
- (ii) the Vendor shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages) by notice in writing to the Purchasers to terminate the Equity Purchase Agreement (other than certain surviving provisions under the Equity Purchase Agreement) forthwith without liability on its part,

provided that, if the Vendor does not terminate the Equity Purchase Agreement in accordance with this paragraph above and the Transaction Financing Documents are executed after the Transaction Financing Long-Stop Date, upon such execution, the indemnity described in paragraph 2(i) above shall cease to be applicable and the Sponsor shall not be required to indemnify the Vendor and the Vendor shall not be entitled to claims for any damages pursuant to such provisions.

3. UPDATE ON THE STATUS OF THE TRANSACTION FINANCING

The Manager wishes to update the Unitholders that the Transaction Financing Documents were not entered into although the Transaction Financing Long-Stop Date has passed. The Manager understands from the Purchasers that the internal approval process of the lenders under the Transaction Financing was delayed due to the stringent Covid-19 controls and events in October 2022, namely the PRC National Day holiday in early October 2022 and the Twentieth National Congress of the Communist Party of China.

² “**Agreed Financing Principles**” means the financing principles set out in the Equity Purchase Agreement which shall govern, among others, the Transaction Financing and the Transaction Financing Documents.

³ “**Target Equity Interests**” means all of the equity interests in Hangzhou Bei Gang Logistics Co., Ltd..

In view of the foregoing, the potential courses of action which are currently available to EC World REIT (through the Vendor) include the following:

- (a) procure the relevant Target Companies to enter into the Transaction Financing Documents notwithstanding that the Transaction Financing Long-Stop Date may have passed, and in this regard, the Vendor will not accept any terms and conditions of the Transaction Financing Documents that are not reasonably acceptable to it or which contradict the Agreed Financing Principles. In such event, as mentioned in paragraph 2 above, the indemnity described in paragraph 2(i) above shall cease to be applicable and the Sponsor shall not be required to indemnify the Vendor and the Vendor shall not be entitled to claims for any damages pursuant to such provisions;
- (b) proceed to Completion of the Proposed Divestment without the entry into of any Transaction Financing Documents or any Transaction Financing. The Manager wishes to highlight that subject to and conditional upon satisfaction or waiver (as the case may be) of the conditions precedent⁴ to the Proposed Divestment (the “**Conditions**”), the Purchasers shall be obligated to proceed with Completion of the Proposed Divestment, regardless of whether any Transaction Financing has been entered into by the Transaction Financing Long-Stop Date; or
- (c) exercise the Vendor’s right to terminate the Equity Purchase Agreement in accordance with paragraph 2(ii) above, without prejudice to all other rights or remedies available.

The Manager wishes to highlight that for the avoidance of doubt, the entry into the Transaction Financing is not a condition precedent to the Proposed Divestment (i.e. the Equity Purchase Agreement does not contain a financing-out), and the failure to enter into the Transaction Financing is also not a ground of termination for the Purchasers under the Equity Purchase Agreement. Accordingly, subject to and conditional upon satisfaction or waiver (as the case may be) of the Conditions, the Purchasers shall be obligated to proceed with Completion of the Proposed Divestment, regardless of whether any Transaction Financing has been entered into by the Transaction Financing Long-Stop Date. However, the failure to enter into the Transaction Financing by the Transaction Financing Long-Stop Date may affect whether Completion of the Proposed Divestment will occur by 31 December 2022.

4. CAUTIONARY STATEMENT

Taking into consideration the foregoing, the Manager wishes to highlight that regardless of whether Unitholders’ approval for the Proposed Divestment is obtained at the EGM, there is no certainty or assurance that the Proposed Divestment will be completed.

The Manager will make further announcements on the SGXNET in the event there are any material developments which warrant disclosure, in compliance with its obligations under the

⁴ Please refer to paragraph 4.1 of the Divestment Announcement for the list of conditions precedent to the Proposed Divestment.

Listing Manual of Singapore Exchange Securities Trading Limited. Unitholders and investors are advised to refrain from taking any action in respect of units in EC World REIT (“Units”) which may be prejudicial to their interests, and to exercise caution when dealing in the Units. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

For and on behalf of the Board

EC WORLD ASSET MANAGEMENT PTE. LTD.

(as manager of EC World Real Estate Investment Trust)

(Company Registration No. 201523015N)

Goh Toh Sim

Executive Director and Chief Executive Officer

20 November 2022

Important Notice

The value of 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.