



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

ANNOUNCEMENT

UPDATE ON THE PROPOSED DIVESTMENT AND THE FINANCING OBLIGATIONS OF EC WORLD REIT

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**”), refers to:

- (i) the announcement dated 3 October 2022 in relation to the proposed divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics (the “**Proposed Divestment**”);
- (ii) the update announcement dated 20 November 2022 in relation to the Proposed Divestment;
- (iii) the circular to unitholders of EC World REIT (“**Unitholders**”) dated 24 November 2022 in relation to the Proposed Divestment (the “**Circular**”);
- (iv) the update announcements dated 29 December 2022, 31 December 2022, 3 January 2023 and 17 January 2023 all of which were in relation to the Proposed Divestment and the financing obligations of EC World REIT;
- (v) the update announcement dated 30 January 2023 in relation to the Proposed Divestment;
- (vi) the update announcement dated 12 February 2023 in relation to the Proposed Divestment and the financing obligations of EC World REIT;
- (vii) the update announcement dated 23 February 2023 in relation to, among others, the Mandatory Repayment; and
- (viii) the update announcement dated 28 February 2023 in relation to the Proposed Divestment and the financing obligations of EC World REIT (the “**28 February 2023 Announcement**”).

Unless otherwise defined, all capitalised terms used in this announcement shall have the meaning ascribed to them in the Circular and the 28 February 2023 Announcement.

The Manager wishes to make the following clarifications in response to the following queries from Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the 28 February 2023 Announcement.

1. What is the indicative timeline of the Lenders obtaining the internal approvals for the New Repayment Plan?

The Manager expects that the Lenders should be able to advise on the outcome of their internal approval process by mid-March 2023. The Manager will provide an update to Unitholders when there is material development in this respect.

2. In the event that the ECW Group is in breach of its Mandatory Repayment obligations, which would consequently trigger an event of default under the Existing Offshore Bank Loans and Existing Onshore Bank Loans, please provide the Board's assessment and its bases on the Reit's ability to operate as a going concern.

As stated in the 28 February 2023 Announcement, unless and until the Lenders' consent is obtained, the ECW Group is in breach of its Mandatory Repayment obligations, which triggers an event of default under the Existing Offshore Bank Loans and Existing Onshore Bank Loans. The Board has assessed that notwithstanding the foregoing, EC World REIT is able to operate as a going concern on the basis of the following:

- (i) the Lenders are in the process of obtaining their internal approvals for the New Repayment Plan and EC World REIT has not received any indication from the Lenders that they intend to accelerate the Existing Offshore Bank Loans or the Existing Onshore Bank Loans at this juncture;
- (ii) the proceeds of the Proposed Divestment will be sufficient to enable the ECW Group to complete the Mandatory Repayment, and the Long-stop Date of the Proposed Divestment is currently set at (i) the earlier of (a) the new Mandatory Repayment deadline stipulated by the Lenders pursuant to the New Repayment Plan (if any) and (b) 30 April 2023; or (ii) such other later date as may be determined by the Vendor;
- (iii) the Sponsor continues to demonstrate its support for EC World REIT and in this regard, it has provided RMB258 million, S\$4.4 million and US\$6.1 million in funds since 30 December 2022 to date, which are intended to be used towards partial settlement of the Mandatory Repayment and will therefore go towards reducing the overall debt exposure of the ECW Group. As the Parties to the Equity Purchase Agreement have agreed that such amounts constitute prepayment in part by the Purchasers to the Vendor (being a wholly-owned subsidiary of EC World REIT) of the Equity Consideration, RMB322,924,466¹, out of the total Equity Consideration of RMB 1,370,000,000, has been effectively prepaid to the Vendor in connection with the Proposed Divestment. The outstanding balance of the Equity Consideration (amounting to approximately RMB 1,047,075,534) will be payable to the Vendor by Completion;
- (iv) the term sheets to refinance the April 2023 Outstanding Loans have been finalised with the lead lenders and are subject to the confirmation of the Lenders pending their internal review and approval process. The board of directors of the Manager has also approved the term sheets to refinance the April 2023 Outstanding Loans;

¹ Calculated based on the exchange rate of RMB1.00 = S\$0.1945 as at 4 January 2023 and the exchange rate of RMB1.00 = US\$0.1442 as at 28 February 2023, being the dates on which the respective prepayments of the Equity Consideration were made by the Sponsor.

- (v) in view of the above, at this juncture, the Manager expects that the Existing Bank Loans will be repaid and/or refinanced before any exercise by the Lenders of their rights to accelerate the Existing Offshore Bank Loans or the Existing Onshore Bank Loans;
- (vi) based on the expectation that the Existing Bank Loans will be repaid and/or refinanced by 30 April 2023, it is estimated that the ECW Group will be in a net current assets position of S\$180,071,000 immediately after (1) Completion of the Proposed Divestment; (2) payment of the Mandatory Repayment; and (3) completion of the refinancing of the remaining sum under the Existing Bank Loans, taking into account the ECW Group's FY2022 financial information announced on 23 February 2023, the Equity Consideration under the Proposed Divestment and the Relevant Transaction Costs as disclosed in the Circular;
- (vii) while the COVID-19 situation has affected businesses in the PRC generally, the revenue and net property income from EC World REIT's properties remain strong with some organic growth in RMB terms, which shows that the operation of the ECW Group continues to be stable and profitable; and
- (viii) EC World REIT continues to pay regular distributions to its Unitholders in line with its usual distribution frequency.

Cautionary Statement

Unitholders and investors should note that there is no certainty or assurance that the Lenders will consent to the extension of the Mandatory Repayment deadline beyond 28 February 2023. Unless and until the Lenders' consent is obtained, the ECW Group is in breach of its Mandatory Repayment obligations, which triggers an event of default under the Existing Offshore Bank Loans and Existing Onshore Bank Loans.

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 Listing Manual. Unitholders and investors are advised to refrain from taking any action in respect of 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

2 March 2023

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.