



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

ANNOUNCEMENT

UPDATE IN RELATION TO THE RENT RECEIVABLES AND FINANCING OBLIGATIONS OF THE ECW GROUP

1. Rent Receivables from the Sponsor Group

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 that as at the date of this announcement, the overdue rent receivables (the “**Outstanding Rent Receivables**”) owing to EC World REIT and its subsidiaries (collectively, the “**ECW Group**”) by Forchn Holdings Group Co., Ltd. (being the sponsor of EC World REIT (the “**Sponsor**”)) and its subsidiaries (collectively, the “**Sponsor Group**”) have exceeded RMB 145.8 million¹. Of the Outstanding Rent Receivables, RMB 107.6 million represents the rent payable pursuant to master leases between the Sponsor Group (as master lessee) and the ECW Group (as master lessor) (“**Master Leases**”), while the balance RMB38.2 million represents rent payable by the Sponsor Group pursuant to other related party leases.

The following table sets out the outstanding rent receivable from the Sponsor Group in respect of each master-leased property of the ECW Group and the ageing of the rent receivable.

Property	Outstanding Rent Receivables (RMB)	Ageing (Months) ²
Chongxian Port Investment 崇贤港投资	26,647,514	1.8
Fu Heng Warehouse 富恒仓储	16,954,360	3.9
Beigang Logistics Stage 1 北港物流	36,715,871	3.3

¹ Based on the management accounts as at 28 August 2023 of EC World REIT’s subsidiaries incorporated in the People’s Republic of China (the “**PRC**”).

² Calculated based on the amount of rent outstanding divided by the latest monthly rent payable by the Sponsor Group under the Master Leases.

Property	Outstanding Rent Receivables (RMB)	Ageing (Months) ²
Fuzhou E-Commerce 富洲电商 ³	27,273,426	3.5
Total	107,591,171	2.9

The Sponsor Group typically maintains ageing between two to three months as their practice is to make rental payment quarterly in arrears. This practice is common for commercial, industrial and warehousing leases in the PRC⁴. The Manager has been in regular dialogue with the Sponsor Group to remind the related party lessees (including Master Lessees) of their payment obligations under the existing lease agreements, in the Manager's efforts to ensure prompt and timely rent payments. Despite the Manager's efforts, there has been no repayment plan provided by the Sponsor Group to date. As the ageing of some of the Outstanding Rent Receivables has exceeded three months and there has been no repayment plan provided by the Sponsor Group, the Manager has assessed that there is a high risk of non-collection of the Outstanding Rent Receivables.

2. Financing Obligations of the ECW Group

Since the ECW Group's refinancing exercise in 2019, it has repaid approximately S\$131.1 million⁵ to its lenders pursuant to its facility agreements entered into in 2019 and 2023. Out of the S\$131.1 million, approximately S\$63.5 million was funded by the Sponsor Group's prepayment of equity consideration to the ECW Group pursuant to the ECW Group's proposed divestment of Chongxian Port Logistics and Beigang Logistics Stage 1 (the "**Proposed Divestment**"), S\$10.8 million from accumulated distributable income previously retained and approximately S\$56.8 million was funded by the excess cash of the ECW Group. As a result, the ECW Group's free cash has been significantly depleted at this juncture.

As more than 80% of the revenue of the ECW Group comes from rental income pursuant to related party leases with the Sponsor Group, accordingly, if the Sponsor Group does not pay a sufficient amount of the rent receivables going forward, the ECW Group will be unable to maintain its operating and financing requirements.

In view of the foregoing, there is a high risk that the ECW Group would not be able to fully repay the offshore interest expenses due on 31 August 2023 (Thursday) pursuant to its existing offshore facilities ("**Offshore Facilities**"), and would need to request the facility agent under the Offshore Facilities to release part of the offshore interest reserve maintained by the ECW Group pursuant to the Offshore Facilities (the "**Offshore Interest Reserve**") in order to fully repay the offshore interest expenses. Pursuant to the terms of the Offshore Facilities, the interest reserve must be topped up by the ECW Group within five business days of such release, which the Manager expects will be challenging for the ECW Group given its financial position unless the Sponsor Group manages to pay a sufficient amount of the rent receivables

3 Please note that there are two Master Leases in respect of Fuzhou E-Commerce. This row reflects the consolidated numbers for both Master Leases.

4 For the avoidance of doubt, pursuant to the Master Leases, late fees are payable if the monthly rent is paid late. As the Sponsor Group typically makes its rental payments quarterly in arrears, the Sponsor Group typically incurs late fees under the Master Leases.

5 Calculated based on balances of facilities and exchange rates as at 8 August 2019 and 30 June 2023.

within five business days from the release of part of the Offshore Interest Reserve. The breach of this requirement would result in an event of default pursuant to the Offshore Facilities and also triggers a cross-default under the existing onshore facilities of the ECW Group ("**Onshore Facilities**", and together with the Offshore Facilities, the "**Facilities**").

3. Update on the Board Assessment

In view of the foregoing, in particular the material risk which recently arose from the delay in the collection of related party rent receivables from the Sponsor Group, the Board would like to update that its assessment set out in the Manager's announcement dated 23 August 2023 has changed. At this juncture, the Board's assessment is that, in the absence of any other potential financing plan, the ECW Group's current assets may not be adequate to meet its short-term liabilities, in view of the following:

- (a) as at 30 June 2023, the ECW Group has current assets of S\$548,979,000 and current liabilities of S\$682,167,000. The current liabilities of the ECW Group exceeded the current assets by S\$133,188,000. Within the current liabilities, the ECW Group has borrowings of S\$443,233,000 (including amounts presented within liabilities directly associated with disposal group classified as held for sale) which are due for repayment within the next 12 months from the reporting date of 30 June 2023;
- (b) the Sponsor Group's delay in paying the rent receivables owing to the ECW Group may signal financial weakness of the Sponsor Group (including the purchasers under the Proposed Divestment) and hence there is a significant risk that the Proposed Divestment may not complete by the Divestment Longstop Date⁶ (or at all); and
- (c) at this juncture, the Manager expects the risk that the Initial Termination Date (as defined herein)⁷ of the Offshore Facilities may not be extended from the existing deadline of 30 April 2024 to 30 April 2026. As stated in the Manager's announcement dated 23 August 2023, such extension is, subject to, among others, the following:
 - (i) the registration of the Offshore Facilities with the National Development and Reform Commission of the PRC (the "**NDRC**") (as required under the PRC law) being completed before 30 April 2024; and
 - (ii) the completion of the Proposed Divestment taking place by the Divestment Longstop Date and no event of default occurring under the Facilities up to 30 April 2024. There is a risk that the Proposed Divestment may not complete by the Divestment Longstop Date (or at all), and there is also a risk that an event of default may occur under the Facilities.

The Board is in the process of evaluating various options for EC World REIT and will provide unitholders of EC World REIT ("**Unitholders**") with a further update in due course.

⁶ "**Divestment Longstop Date**" means 31 October 2023 (or such later date, that is on or prior to 30 April 2024, that is agreed to by all the lenders under the Facilities).

⁷ The Offshore Facilities have a tenure of 11 months starting from 31 May 2023 up to 30 April 2024 (the "**Initial Termination Date**").

CAUTIONARY STATEMENT

Unitholders should note that the Proposed Divestment is subject to fulfilment of conditions. The Manager wishes to highlight that regardless of whether Unitholders' approval for the Supplementary Agreement is obtained at the extraordinary general meeting to be held on 7 September 2023, there is no certainty or assurance that the Proposed Divestment will be completed, and/or that the Proposed Divestment will be completed by the Divestment Longstop Date.

Unitholders and investors should further note that there is no certainty or assurance that the registration process of the Offshore Facilities with the NDRC will be completed before 30 April 2024.

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 of the SGX-ST. 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
28 August 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.