



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

UPDATE ANNOUNCEMENT ON THE ECW FACILITIES, THE RELEVANT MORTGAGES AND THE RELEVANT LAWSUITS

1. INTRODUCTION

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) its announcement dated 19 February 2024 (the “**19 February 2024 Announcement**”) in relation to the appointment of KPMG Services Pte. Ltd. as its financial adviser;
- (ii) its announcement dated 27 February 2024 in relation to, among others, the master lease arrangement and its application to Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for a waiver from Rule 707(1) of the Listing Manual of the SGX-ST (the “**Listing Manual**”) to allow for an extension of time from 30 April 2024 to 31 July 2024 for EC World REIT to hold its annual general meeting for the financial year ended 31 December 2023 (the “**SGX Waiver**”);
- (iii) its announcement dated 26 March 2024 (the “**26 March 2024 Announcement**”) in relation to, among others, the receipt of the SGX Waiver;
- (iv) its announcement dated 31 March 2024 (the “**31 March 2024 Announcement**”) in relation to the updates on the existing facilities of the EC World REIT group (the “**ECW Facilities**”), the imposition of mortgages over Fuzhou E-Commerce and Fuheng Warehouse (the “**Relevant Mortgages**”) and the Relevant Lawsuits¹;
- (v) its announcement dated 1 May 2024 (the “**1 May 2024 Announcement**”) in relation to the updates on the ECW Facilities, the imposition of the Relevant Mortgages and the Relevant Lawsuits;
- (vi) its announcement dated 31 May 2024 (the “**31 May 2024 Announcement**”) in relation to the updates on the ECW Facilities, the imposition of the Relevant Mortgages and the Relevant Lawsuits; and

¹ “**Relevant Lawsuits**” refers to the pleadings submitted by the EC World REIT group to the relevant court in the People’s Republic of China (“**PRC**”) to initiate lawsuits to revoke the Relevant Mortgages on the basis that the Relevant Mortgages are unauthorised.

- (vii) its announcement dated 11 June 2024 (the “**11 June 2024 Announcement**”) in relation to the updates on the ECW Facilities.

As set out in the 26 March 2024 Announcement, the SGX Waiver is subject to, among others, EC World REIT providing monthly updates (the “**Update Condition**”) via SGXNet on the following:

- (a) the negotiations with the lenders of the ECW Facilities (the “**Lenders**”) in respect of the refinancing and/or restructuring of the ECW Facilities as well as the various waivers from the Lenders in relation to the Mandatory Prepayment Event² and the breach of the Divestment Longstop Date³ under the ECW Facilities; and
- (b) the progress to discharge the Relevant Mortgages and the status of the Relevant Lawsuits.

In accordance with the Update Condition, the Board of Directors of the Manager wishes to provide unitholders of EC World REIT (the “**Unitholders**”) with the following updates.

2. THE ECW FACILITIES

As mentioned in the 11 June 2024 Announcement, the facility agent under the offshore facility agreement dated 31 May 2023 (the “**Offshore Facility Agreement**”, and the facility agent under the Offshore Facility Agreement, the “**Offshore Facility Agent**”) had on 10 June 2024 issued a letter stating, among others, that the Majority Lenders (as defined in the Offshore Facility Agreement) are prepared to instruct and authorise the Offshore Facility Agent to commence Enforcement Action (as defined in the Intercreditor Deed (as defined in the Offshore Facility Agreement)) against the Offshore Obligors (as defined in the Offshore Facility Agreement) if certain conditions and milestones (including those set out in the Schedule to the 11 June 2024 Announcement) are not fulfilled within the time prescribed.

The conditions and milestones to be fulfilled by June 2024 (the “**Relevant Offshore Conditions**”, each a “**Relevant Offshore Condition**”) include:

- (a) the appointment of an independent financial adviser as approved by the Majority Lenders by 21 June 2024 to oversee and monitor certain activities of the EC World REIT group as may be directed by them, including overseeing and formulating a plan for the sale and divestment of the Properties (as defined in the Offshore Facility Agreement) and other assets of the borrowers and the guarantors under the Offshore Facility Agreement;

2 This refers to the situation where the maximum aggregate amount of the outstanding loans under the ECW Facilities exceeds the lowest of (i) S\$498,000,000 (or its equivalent); (ii) 45% of the aggregate valuation of the properties of EC World REIT as reflected in the latest valuation report delivered pursuant to the ECW Facilities; and (iii) 40% of the deposited property of EC World REIT (the “**Relevant Prepayment Conditions**”). As mentioned in the Manager’s announcement dated 27 February 2024, upon notification to the relevant facility agent that such situation has occurred, the EC World REIT group shall within three business days repay or prepay the loans under the ECW Facilities such that the maximum aggregate amount of the loans under the ECW Facilities outstanding will be no more than the lowest of the Relevant Prepayment Conditions.

3 “**Divestment Longstop Date**” refers to 31 October 2023 (or such later date, that is on or prior to 30 April 2024, that is agreed to by all the Lenders). As disclosed in the Manager’s announcement dated 31 May 2023, the ECW Facilities impose a requirement for the proposed divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics (the “**Proposed Divestment**”) to take place by the Divestment Longstop Date. However, no breach of such obligation to divest would arise if on or before the Divestment Longstop Date, prepayment which would result in, inter alia, the aggregate amount of the ECW Facilities remaining outstanding being no more than S\$410,000,000 (or its equivalent) is made. It is an event of default under the ECW Facilities if the Proposed Divestment does not occur by 30 April 2024.

- (b) the completion of the novation process of all the master lease agreements from the master tenants to the end tenants⁴ by 30 June 2024;
- (c) the submission of a proposal to be approved by the Majority Lenders for the repayment of all outstanding receivables owing by the master tenants, related parties and third-party tenants to any member of the EC World REIT group by the end of June 2024; and
- (d) the discharge of the mortgages imposed over Hengde Logistics, Fuheng Warehouse and Fuzhou E-Commerce⁵ by 30 June 2024 (failing which the relevant members of the EC World REIT group shall immediately commence legal proceedings against any relevant parties against whom claims may be brought for losses suffered by them).

In connection with the Relevant Offshore Conditions set out in paragraphs 2(a) to (d) above, the Manager wishes to update Unitholders that:

- (i) as at 27 June 2024, the Majority Lenders have confirmed and approved the appointment of the Financial Adviser⁶ as the independent financial adviser referred to in paragraph 2(a) above, taking into consideration the scope of work under the Financial Adviser's existing engagement with the Manager (which is largely in line with the requirements of the Majority Lenders pursuant to the Relevant Offshore Conditions). The appointment is currently pending finalisation of the detailed terms of engagement with the independent financial adviser;
- (ii) in relation to the Relevant Offshore Condition referred to in paragraph 2(b) above:
 - (1) the novation process to take over the underlying leases in respect of Fuheng Warehouse and Fuzhou E-Commerce has been completed;
 - (2) in respect of the warehouse component of Chongxian Port Investment, the novation process to take over the underlying leases has been completed.

In respect of the port operations of Chongxian Port Investment, the Manager would like to clarify that the novation process is not applicable as they are operated by the relevant master lessee directly and hence there are no underlying leases to be taken over. Instead, the port operations of Chongxian Port Investment are subject to an ongoing tendering process where the EC World REIT group is looking for potential bidders to bid for the leasing or operating of the port operations of Chongxian Port Investment; and
 - (3) in respect of Stage 1 Properties of Bei Gang Logistics, the Manager would like to clarify that the novation process is not applicable as it is operated by the relevant master lessee directly and hence there are no underlying leases to be taken over. Instead, the master lease arrangement in relation to the Stage 1 Properties of Bei Gang Logistics will continue to remain in place till the completion of the existing master lease on 31 October 2024.

⁴ Please refer to the Manager's announcement dated 27 February 2024 for further details on the master lease arrangements.

⁵ Please note that as stated in the Manager's announcement dated 18 January 2024 and the 31 May 2024 Announcement, the unauthorised mortgages imposed over Hengde Logistics and Fuheng Warehouse have respectively been discharged.

⁶ As announced in the 19 February 2024 Announcement, the Manager appointed the Financial Adviser to explore various options available to EC World REIT to address its ongoing challenges.

For completeness, the Manager would also like to mention that while Chongxian Port Logistics was not a master-leased property, the majority of its direct tenants were previously parties related to the Sponsor group. Accordingly, the EC World REIT group has completed the novation process from the related-party tenants to the underlying end tenants in respect of Chongxian Port Logistics.

- (iii) in relation to paragraph 2(c) above, the EC World REIT group has provided a proposal to the Offshore Lenders regarding the repayment of outstanding receivables owing by the master tenants, related parties and third-party tenants to the EC World REIT group. Under the proposal, the Manager envisages, among others, that a global settlement arrangement would be entered into between Forchn Holdings Group Co., Ltd. (the “**Sponsor**”) and its subsidiaries and the EC World REIT group in respect of, among others, the rent receivables, the security deposits prepaid by the Sponsor group to the EC World REIT group at the inception of various master leases, and the prepayment made by the Sponsor group in respect of the proposed divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics (which proposed divestment was terminated in 2023⁷). The proposal is currently pending the approval of the Majority Lenders, and is also subject to negotiation with the Sponsor group as well as compliance with all applicable legal and regulatory requirements;
- (iv) the Outstanding Relevant Mortgage (as defined below) imposed over Fuzhou E-Commerce has yet to be discharged. Accordingly, in line with paragraph 2(d) above, the EC World REIT group is in the process of initiating legal proceedings against the relevant parties to seek to recover the losses suffered by the EC World REIT group by obtaining indemnification from the relevant parties.

Notwithstanding the foregoing, as at the date of this announcement, the Offshore Obligors have not received any notice of Enforcement Action.

In addition, the lenders of the existing onshore facilities of ECW (the “**ECW Onshore Facilities**”, and the lenders of the ECW Onshore Facilities, the “**Onshore Lenders**”) have not indicated any intention to accelerate the ECW Onshore Facilities as at the date of this announcement. The Manager is working with the Onshore Lenders on the proposed restructuring of the ECW Onshore Facilities.

In relation to the revolving loans of the EC World REIT group (the “**Existing SBLC Loans**”⁸), the Manager wishes to update Unitholders that the amount of approximately S\$20.1 million remains outstanding as at the date of this announcement. The Manager continues to explore options to settle the remaining Existing SBLC Loans.

3. THE RELEVANT MORTGAGES AND THE RELEVANT LAWSUITS

As mentioned in the 31 May 2024 Announcement, following the discharge of the unauthorised mortgage over Fuheng Warehouse, the only unauthorised mortgage that has yet to be discharged is the mortgage imposed over Fuzhou E-Commerce (the “**Outstanding Relevant Mortgage**”).

The Manager wishes to provide Unitholders with the following updates:

⁷ Please refer to the Manager’s announcement dated 26 October 2023.

⁸ As mentioned in the 1 May 2024 Announcement, the Existing SBLC Loans are backed by standby letters of credit issued by the EC World REIT group’s lenders under its existing onshore facilities (“**Existing Onshore Facilities**”).

- (i) on 19 June 2024, the Manager issued a demand letter to the Sponsor (the "**19 June 2024 Demand Letter**") which, among others:
 - (a) referred to the Relevant Offshore Condition stated in paragraph 2(d) above; and
 - (b) demanded that the Sponsor discharge the Outstanding Relevant Mortgage by 30 June 2024;
- (ii) on 26 June 2024, the Sponsor responded to 19 June 2024 Demand Letter (the "**26 June 2024 Sponsor Response Letter**"), which, among others:
 - (a) stated that it is still in discussions with the Fuyang Government in the PRC and the entities⁹ linked to the Fuyang Government involved in the imposition of the Outstanding Relevant Mortgage to reach a feasible solution to discharge the Outstanding Relevant Mortgage; and
 - (b) advised that they would not be able to procure the discharge of the Outstanding Relevant Mortgage by 30 June 2024 as the process would require at least another three to four months;
- (iii) on 28 June 2024, the Manager issued a demand letter to the Sponsor, which, among others:
 - (a) referred to the Relevant Offshore Condition mentioned in the paragraph 2(d) above as well as the 26 June 2024 Sponsor Response Letter; and
 - (b) stated that the Manager is in the process of initiating the legal proceedings referred to in paragraph 2(iv) above.

As mentioned in the 26 March 2024 Announcement, 31 March 2024 Announcement, 1 May 2024 Announcement and the 31 May 2024 Announcement, the EC World REIT group has submitted the Relevant Lawsuits to the relevant PRC court and the case application is now being reviewed and is yet to be accepted by the relevant PRC court.

If the EC World REIT group is able to obtain a favourable judgment in the Relevant Lawsuits, the EC World REIT group may de-register the Outstanding Relevant Mortgage over Fuzhou E-Commerce with the mortgage registration authority based on the judgment.

As mentioned in paragraph 2(iv) above, the EC World REIT group is also in the process of initiating separate legal proceedings against the relevant parties to seek to recover the losses suffered by the EC World REIT group by obtaining indemnification from the relevant parties.

The Board of Directors of the Manager will provide Unitholders with a further update as and when there are material developments.

⁹ The entities are 杭州富阳富投发振富股权投资合伙企业(有限合伙) (Hangzhou Fuyang Futoufa Zhenfu Equity Investment LLP) and 浙江富月融资租赁有限公司 (Zhejiang Fuyue Finance Lease Co., Ltd).

Cautionary Statement

Unitholders are advised to read this announcement and any further announcements by the Manager carefully. The Manager wishes to highlight that there is no certainty or assurance as at the date of this announcement that any discussion or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into. Unitholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions that they should take.

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 EC World REIT units ("**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

30 June 2024

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, 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.