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January 11, 2024



Mongolian Mortgage Corporation HFC LLC

(incorporated under the laws of Mongolia with limited liability)

Announcement of Pricing of US\$52,515,000 11.50% Senior Notes due 2027 to be issued in connection with the New Money Issuance

Reference is made to the announcements of Mongolian Mortgage Corporation HFC LLC (the “**Company**”, the “**Issuer**,” “**we**,” or “**us**”) dated January 4, 2024, January 8, 2024 and January 11, 2024 regarding the Exchange Offer and potential New Money Issuance (the “**Announcements**”). The Exchange Offer is made on the terms and subject to conditions to set out in an exchange offer memorandum dated January 4, 2024 (the “**Exchange Offer Memorandum**”). All capitalized terms used but not defined in this announcement have the respective meanings specified in the Exchange Offer Memorandum and the Announcements.

EXCHANGE OFFER FOR THE REG S NOTES

As announced earlier, with respect to the Exchange Offer, as at the Offer Expiration Date, an aggregate principal amount of US\$170,431,000 of the Reg S Notes, representing approximately 80.37% of the aggregate principal amount of the outstanding Reg S Notes, has been validly tendered for exchange and accepted in the Exchange Offer.

PRICING OF NEW MONEY ISSUANCE

With respect to the New Money Issuance, the Company and the Guarantor have entered a purchase agreement dated January 11, 2024, with Deutsche Bank AG, Singapore Branch and Korea Investment & Securities Asia Limited in connection with the issuance by the Company of an aggregate principal amount of US\$52,515,000 11.50% Senior Notes due 2027. The New Notes and the Guarantee have not been nor will they be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and they may not be offered or sold within the United States (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Notes are being offered and sold outside the United States in accordance with Regulation S.

PRINCIPAL TERMS OF THE NEW NOTES TO BE ISSUED IN THE EXCHANGE OFFER AND THE NEW MONEY ISSUANCE

Subject to completion of the Exchange Offer and the New Money Issuance, the Company expects to settle the Exchange Offer and the New Money Issuance on the same date as the Exchange Settlement Date. Upon settlement of the Exchange Offer and the New Money Issuance, the Company will issue US\$172,485,000 in aggregate principal amount of the New Notes pursuant to the Exchange Offer, and US\$52,515,000 in aggregate principal amount of the New Notes pursuant to the New Money Issuance, for an aggregate principal amount of US\$225,000,000 of the New Notes (the “**New Notes**”). Subject to certain conditions to the completion of the Exchange Offer and the New Money Issuance, the Company and the Guarantor will enter into an indenture (the “**Indenture**”) with the trustee in connection with the issue of the New Notes. A summary of New Notes offering is provided below.

Issue Price

The issue price of the New Notes is 97.50% of the principal amount of the New Notes.

Interest and Maturity Date

The New Notes will bear interest at a rate of 11.50% per annum payable semi-annually in arrears on January 18 and July 18 of each year, commencing on July 18, 2024 and will mature on January 18, 2027.

Ranking of the New Notes

The New Notes will (i) be general unsecured obligations of the Issuer, (ii) be senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes, (iii) rank at least pari passu in right of payment with all other unsecured and unsubordinated Indebtedness of the Issuer, (iv) be guaranteed by the Guarantor on an unsubordinated basis, (v) be effectively subordinated to any secured obligations of the Issuer, to the extent of the value of the assets serving as security therefor and (vi) be effectively subordinated to all existing and future obligations of Subsidiaries of the Issuer in respect of the assets of such Subsidiaries. The Bank of Mongolia has issued a letter of support to the Issuer. The Letter of Support does not constitute a guarantee by the Bank of Mongolia of the obligations of the Issuer under the Notes or the Guarantor under the Guarantee.

Events of Default

The events of default under the New Notes will include, among other things, default in the payment of principal, premium or interest and default in the performance or the breach of certain covenants under the New Notes, the Indenture or the Guarantee.

Covenants

The Notes and the Indenture, will among other things, restrict the ability of the Issuer, the Guarantor or any of their respective subsidiaries, subject to certain exceptions, to: create or permit to be outstanding any liens upon any of their respective properties, assets or revenues to secure certain obligations, make certain specified restricted payments and effect a consolidation, merger or sale of assets.

Optional Redemption

The New Notes will be redeemable as a whole or in part, at the Issuer's or the Guarantor's option, at any time and from time to time on or after July 18, 2025, at a redemption price equal to 105.75% of the principal amount of the New Notes to be redeemed plus accrued and unpaid interest thereon, if any, to (but not including) the redemption date. The New Notes will be redeemable as a whole or in part, at the Issuer's or the Guarantor's option, at any time and from time to time prior to July 18, 2025, at the redemption price equal to the greater of (i) 100.0% of the principal amount of the New Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the New Notes to be redeemed (exclusive of interest accrued to the redemption date) as if redeemed on July 18, 2025, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, plus, in each case, accrued and unpaid interest thereon to (but not including) the redemption date.

Listing

Approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Guarantor or the New Notes.

The information in this announcement is only a summary. Before making a decision with respect to the Exchange Offer, Eligible Holders should carefully consider all of the information in the Exchange Offer Memorandum. You may obtain a copy of the Exchange Offer Memorandum by downloading it at the Exchange Offer website: <https://projects.morrowsodali.com/mik>, subject to eligibility and registration.

The Information and Exchange Agent for the Exchange Offer is:

Morrow Sodali Limited

In London:
103 Wigmore Street
W1U 1QS
London
Telephone: +44 20 4513 6933

In Stamford:
333 Ludlow Street
South Tower, 5th Floor
Stamford, CT 06902
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Telephone: +1 203 658 9457

In Hong Kong:
29/F, No. 28 Stanley Street
Central Hong Kong
Telephone: +852 2319 4130

Email: mik@investor.morrowsodali.com
Exchange Offer Website: <https://projects.morrowsodali.com/mik>

The Dealers Managers for the Exchange Offer are:

Deutsche Bank AG, Singapore Branch

One Raffles Quay
#17-00 South Tower
Singapore 048583
Attn: Global Risk Syndicate
Telephone: +65 6423 4229

With a copy to:

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom
Attention: Liability Management Group
Tel: +44 207 545 8011

Korea Investment & Securities Asia Limited

Suite 3711-12, Jardine House 1 Connaught Place, Central
Hong Kong
Telephone: +852 2530 8900

This announcement is not an offer or a solicitation of offers. The Exchange Offer is made solely by means of the Exchange Offer Memorandum. The Exchange Offer does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction where an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any New Notes and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Exchange Offer will only be made to, and the New Notes are being offered and will be issued only to, Eligible Holders who are located outside of the United States and hold the Reg S Notes through Euroclear or Clearstream or certain fiduciaries holding accounts for the benefit of persons located outside of the United States and holding the Reg S Notes through Euroclear or Clearstream. The New Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdictions, and the New Notes may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of any other jurisdiction.

The Exchange Offer is not being made, directly or indirectly, to the public in Belgium. The Exchange Offer Memorandum has not been and will not be notified to nor approved by the Belgian Banking, Finance and Insurance Commission (Commission Bancaire, Financière et des Assurances/Commissie voor het Bank, Financie en Assurantiewezen) and neither the Exchange Offer

Memorandum nor any other documents or materials relating to the Exchange Offer has been, or will be, approved by the Belgian Banking, Finance and Insurance Commission. Accordingly, the Exchange Offer may not be advertised or made (either directly or indirectly) and neither the Exchange Offer Memorandum nor any such documents or materials may be distributed or made available in Belgium other than to institutional investors, as referred to in article 10 of the Law of 16 June 2006 on public offers of investment instruments and the admission to trading of investment instruments on a regulated market, acting for their own account. The Exchange Offer is not being made, directly or indirectly, to the public in Cayman Islands. The New Notes have not been and will not be offered or sold in the Cayman Islands.

The Exchange Offer is not being made, directly or indirectly, to the public in the Republic of France (“France”). Neither the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offer has been or will be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code Monétaire et Financier, are eligible to participate in the Exchange Offer. The Exchange Offer Memorandum has not been and will not be submitted to or approved by the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*.

The Exchange Offer is not being made to the public in Hong Kong, by means of any document, other than (1) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) and any rules made thereunder, or (2) in circumstances that do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) (the “CWUMPO”) or that do not constitute an offer to the public within the meaning of the CWUMPO. The New Notes may not be offered or sold in Hong Kong by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the CWUMPO or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Exchange Offer or the New Notes may be issued or may be in the possession of any person, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Exchange Offer and/or New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under the Ordinance.

The communication of the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer is not being made, directly or indirectly, in the territory of Mongolia.

The communication of the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer is not being made, directly or indirectly, in the People’s Republic of China (the “PRC”, for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

None of the Exchange Offer, the Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offer have been or will be registered as a prospectus with the Monetary Authority of Singapore. The Exchange Offer does not constitute an offering of securities in Singapore pursuant to the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, the New Notes may not be offered or sold or caused to be made the subject of an invitation for subscription or purchase, and the Exchange Offer Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Notes may not be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

None of the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer constitute a public offering of securities pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations. The information presented in the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer does not necessarily comply with the information standards set out in the SIX Swiss Exchange listing rules.

The communication of the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer is not being made and such documents and/or materials have not been approved by an authorized person for the purposes of Section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”)) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (such persons together being “Relevant Persons”).

The Exchange Offer Memorandum is only available to Relevant Persons and the transactions contemplated herein will be available only to, or engaged in only with, Relevant Persons, and must not be relied or acted upon by persons other than Relevant Persons.

The Exchange Offer Memorandum has not been approved by, and will not be submitted for approval to, the Luxembourg Financial Services Supervisory Authority (Commission de Surveillance du Secteur Financier, the “CSSF”) or a competent authority of another Member State of the EEA for notification to the CSSF, where applicable, for any purposes and including for purposes of a public offering or sale of any financial instrument (within the meaning of MiFID II) in the Grand Duchy of Luxembourg. Accordingly, no financial instrument (within the meaning of MiFID II) will nor may any such financial instrument be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither the Exchange Offer Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, from or published in, Luxembourg, except in circumstances where the offer is made pursuant to an exemption from the requirement to publish a prospectus (i) under the Prospectus Regulation and (ii) under the Luxembourg law of 16 July 2019 on prospectuses for securities, as amended.

The Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer are only addressed to and directed at persons in member states of the European Economic Area (the “EEA”), who are “qualified investors” within the meaning of Article 2 C of the European Union’s Regulation (EU) 2017/1129. The Exchange Offer is only available to qualified investors. None of the information in the Exchange Offer Memorandum and any other documents and materials relating to the Exchange Offer should be acted upon or relied upon in any member state of the EEA by persons who are not qualified investors.