



EC WORLD REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 5 August 2015 under the laws of
the Republic of Singapore)

RESPONSE TO SGX-ST'S QUERIES

The Board of Directors of EC World Asset Management Pte Ltd, in its capacity as the Manager (the “**Manager**”) of EC World Real Estate Investment Trust (“**ECW**”), wishes to announce the following in response to queries raised by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to EC World REIT’s 2Q2020 financial statement announced on 7 August 2020.

Query:

On page 6 of the Trust’s 2Q2020 financial statement for half year ended 30 June 2020, the Trust disclosed that, “The Investment Properties Represents the carrying values of the investment properties” and “In view of the COVID-19 situation, the Board and management expect variations in the asset valuation of the Properties.” Please clarify (i) the basis of the carry values of the investment properties as disclosed in the financial statements; and (ii) if the Trust has assessed the value of its investment properties for the financial period ended 30 June 2020, and its basis of assessment. Please explain how the Board has addressed its mind to the carrying value of its Properties and decided if any material change is required, in view of the current Covid-19 situation.

Response:

- (i) ECW’s investment properties are carried at fair value. ECW conducts valuations on its investment properties annually in December. The carrying value of the investment properties as disclosed in the financial statements are based on the latest valuations conducted by independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited as at 31 December 2019. In determining the fair value, the independent valuer deployed valuation techniques including discounted cash flow method and income capitalisation method.
- (ii) ECW has assessed the value of its investment properties, located in Hangzhou and Wuhan in the People’s Republic of China (“PRC”), as at 30 June 2020, taking into account the following key factors during the financial period ended 30 June 2020:

- a. the key inputs of the valuation techniques;
- b. as at 30 June 2020, the portfolio weighted average lease expiry of 3.6 years by gross rental income and portfolio occupancy rate of 98.7%, provides degree of viability and certainty in terms of rental income; and
- c. the economic recovery in the PRC.

Given the abovementioned factors, the Board assessed the impact of the COVID-19 pandemic on the value of the investment properties and was of the view that it is premature to make a reliable assessment of any material impact on the carrying value of the ECW's investment properties as at 30 June 2020.

Notwithstanding the above, the Board continues to closely monitor the COVID-19 situation in China. An independent valuer will be engaged for the purpose of conducting a full valuation at the end of year 2020 in line with the regulatory requirements.

Query:

Given the significant change in the economic, operating and business conditions caused by the COVID-19 pandemic which would be prevailing as at the six months ending 30 June 2020, please state whether and how the Trust would have disclosed all material information relating to the value of its investment properties to enable investors to make informed investment decision.

Response:

The Manager has on page 16, paragraph 10 of ECW's unaudited financial statements for the 2nd quarter ended 30 June 2020, disclosed the impact of the COVID-19 pandemic on the value of ECW's investment properties and thereby disclosing material information relating to the value of ECW's investment properties. The relevant extract is set out below:

"The Manager expects the long-term fundamentals for the logistics sector in China continue to be healthy, while short term volatilities are likely given the fluidity of the COVID-19 situation and the resultant significant macroeconomic uncertainties globally, barring any further unforeseen material deterioration of the COVID-19 impact in China."

Prior to this, the Manager has also provided Unitholders with regular updates via SGXNet announcements titled "Update To Unitholders On COVID-19 Situation" dated 3 April 2020 and "Update On EC World REIT's Operations In China" dated 29 January 2020.

Query:

Please provide the assessment by the Board of Directors as to whether it is possible and if so, please quantify any impact on the carrying amounts of the Trust's Investment Properties for 1H2020. If no, please provide us with the bases for your view(s).

Response:

As explained above, ECW conducts valuations on its investment properties on an annual basis. The Manager has considered the below factors:

- As at 30 June 2020, ECW's portfolio of eight assets has a weighted average lease expiry of 3.6 years by gross rental income and portfolio occupancy rate of 98.7%. Four out of eight assets are under master lease agreements with embedded rental escalation that will expire in 2024. As a result, future rental income is not expected to be materially impacted;
- additional time and cost incurred to undertake an ad-hoc asset valuation, which may not be in the best interest of unitholders; and
- the fluidity of the COVID-19 situation in China and its impact on valuations.

The above factors have been communicated to the Board of Directors. After considering the above factors, the Board of Directors is of the view that it is not necessary to commission an ad-hoc valuation exercise as at 30 June 2020. As there was no independent valuation exercise carried out, the Manager would not be able to quantify the impact on the carrying amounts of the Trust's investment properties for 1H2020.

By Order of the Board

Goh Toh Sim

Executive Director and Chief Executive Officer

EC World Asset Management Pte. Ltd.

(Company Registration No. 201523015N)

As manager of EC World Real Estate Investment Trust

10 September 2020

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, DBS Trustee Limited (as trustee of EC World REIT), or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase 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.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

This announcement may contain forward-looking statements that involve assumptions, 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. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of EC World REIT. The forecast financial performance of EC World REIT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.