



## EC WORLD REAL ESTATE INVESTMENT TRUST

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

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### RESPONSES TO SGX-ST'S QUERIES ON ANNUAL REPORT 2020

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The Board of Directors (the “**Board**”) of EC World REIT Asset Management Pte Ltd, as the Manager (the “**Manager**”) of EC World Real Estate Investment Trust (“**EC World REIT**”), wishes to announce the following in response to queries received by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 16 April 2021 relating to EC World REIT’s Annual Report for the financial year ended 31 December 2020 (“**FY2020 Annual Report**”).

#### Query (a):

**Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 8 of the Code states that appropriate remuneration disclosures for individual directors, CEO and KMP should be made to provide sufficient transparency and information to shareholders regarding remuneration matters. We note that the Company indicated “that the disclosure in bands of S\$250,000 would provide a good overview and is informative of the remuneration of the CEO / Executive Director and KMP of the Manager”. Please confirm this disclosure provides sufficient transparency and information to shareholders and it is consistent with the intent of Principle 8 of the Code.**

#### Response:

The FY2020 Annual Report has disclosed in detail on pages 48 and 49 of the fees framework for Non-Executive Directors of the Manager, the components of the CEO’s and the key management personnel’s (“KMP”) remuneration, comprising fixed and variable components.

There was full disclosure of Directors’ fees for the Non-Executive Directors on page 48 of the FY2020 Annual Report.

As for the CEO who is also the Executive Director and KMP, the fixed component of their remuneration comprises the base salary, annual wage supplement, fixed allowances and compulsory employer contribution to an employee’s central provident fund. The variable component is performance related, which will be paid in cash or in the units of EC World REIT (which were received by the Manager as payment for its own fees). When conducting the review of the remuneration framework, the Nominating and Remuneration Committee takes into account the performance of EC World REIT and individual performance. Annual performance targets are in the form of both quantitative and qualitative measures and, are aligned to the business strategy for EC World REIT Group and linked to the performance of EC World REIT. Individual performance is measured via the key management personnel’s annual appraisal based on competencies and key performance indicators.

The disclosure of these performance metrics showed the relationship between the CEO's and the KMP's remuneration and the performance and long term value creation for EC World REIT.

Please also refer to the Manager's response to query (b) below on the reasons why the remuneration of the CEO and KMP (excluding Directors and the CEO) have been disclosed in bands of S\$250,000.

Taking into account the disclosure of the fees framework and exact fees for Non-Executive Directors and the remuneration policies, composition of remuneration and performance metrics which go towards determination of the total remuneration packages of the CEO and KMP, the Board has determined that there is sufficient transparency and information on the Manager's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8 of the Code.

**Query (b):**

**Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Practice Guidance 8 of the Code states that remuneration disclosures for individual directors and the Chief Executive Officer (CEO) should specify the names, amounts and breakdown of remuneration. We note that the Company had disclosed the remuneration of the CEO in bands of \$250,000 instead. Please explain this deviation and clarify how it is consistent with the intent of Principle 8 of the Code.**

**Response:**

The Manager has disclosed the exact remuneration of all the Non-Executive Directors of the Manager on page 48 of the FY2020 Annual Report. The fees paid to Non-Executive Directors are entirely in cash.

In relation to the exact remuneration of the CEO, the Manager has disclosed on page 50 of the FY2020 Annual Report the breakdown of the remuneration of the CEO and KMP into types of compensation in percentage terms and in bands of S\$250,000. The Manager has also disclosed on page 49 of the FY2020 Annual Report the payment of a year-end performance bonus totalling S\$52,500 ("Performance bonus") payable to the CEO on top of contractual annual wage supplement.

In addition to the reasons and factors on why it has determined that such disclosure will adversely affect its talent retention efforts provided on page 49 of the FY2020 Annual Report, the Manager would like to elaborate on the reasons as follow:

- (i) due to the commercial sensitivity and confidential nature of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of unitholders of EC World REIT ("**Unitholders**");
- (ii) given the highly competitive business / human resources environment which EC World REIT operates in, the Manager faces significant competition for talent in the REIT management sector, and it had not disclosed the remuneration of the key executives including the CEO so as to minimise potential staff movement and undue disruption to its management team which would be prejudicial to the interests of Unitholders; and
- (iii) it is important for the Manager to retain talent for the long-term interests of EC World REIT and its Unitholders, and ensure stability and continuity of business operations with a competent and experienced management team in place and disclosure of the remuneration of the key executives including the CEO would make it difficult to retain and attract talented staff on a long term basis.

Taking into account the reasons why disclosure of the exact quantum of the remuneration of the CEO and KMP would be prejudicial to the interests of Unitholders and the disclosure of the remuneration policies, composition of remuneration, appraisal process and performance metrics which go towards determination of the performance bonus of the CEO and KMP (please refer to the response to query (a) for more details), the Board has determined that there is sufficient transparency on the Manager's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation consistent with the intent of Principle 8.

For and on behalf 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  
Date: 16 April 2021

## **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.