



EC WORLD REAL ESTATE INVESTMENT TRUST

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

FY2023 ANNUAL GENERAL MEETING RESPONSES TO SUBSTANTIVE AND RELEVANT QUESTIONS

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 (“**ECW**”), would like to thank unitholders for submitting their questions in advance of ECW’s annual general meeting (“**AGM**”) for the financial year ended 31 December 2023 (“**FY2023**”) to be held on 29 July 2024.

The Manager has grouped the substantive and relevant questions of similar nature together. These questions have been classified into the following broad categories:

- (i) Financial and Capital Management
- (ii) Asset Portfolio and Operation
- (iii) Distributions
- (iv) Outlook

Please refer to the Appendix hereto for our responses to the questions. This list of responses should be read in conjunction with the annual report of ECW for FY2023 (“**FY2023 Annual Report**”). Unless otherwise defined, all capitalised terms used in the Appendix shall have the meaning ascribed to them in the FY2023 Annual Report. Some questions have also been edited for clarity.

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
Date: 26 July 2024

APPENDIX

RESPONSES TO SUBSTANTIVE AND RELEVANT QUESTIONS

Financial and Capital Management		
1.	<p>On page 9 of the annual report, it is stated, "Our goal is to make steady progress in the coming year, gradually adapting to the economic rebound and returning to normalcy, ultimately providing sustainable value to all stakeholders." Could the management provide further details on this, specifically regarding the key goals set for completion by the end of the financial year on 31 December 2024?</p>	<p>The management's key goals for the financial year ending 31 December 2024 ("FY2024") include (i) completing the novation process to take over underlying leases from the master leases and other related party leases ("Underlying Leases Novation"); and (ii) stabilising the revenue of ECW.</p> <p>As stated in the Management Review section of the FY2023 Annual Report, the Underlying Leases Novation has been completed on 30 June 2024. The overall committed occupancy stood at 80.2% as of 30 June 2024.</p> <p>The Manager will also continue to undertake the following steps to stabilise the revenue of ECW:</p> <ul style="list-style-type: none"> (a) implement proactive leasing strategies to secure stable rental income and improve occupancy rates across the portfolio of ECW; (b) explore favourable opportunities to divest non-performing assets of the ECW group, with Savills Property Services (Shanghai) Co., Ltd. and Cushman & Wakefield (HK) Ltd. as its consultants in relation to the sourcing of potential purchaser(s) of the properties (appointed on 12 January 2024); and (c) explore various strategic options to address ongoing challenges of ECW, with the support of KPMG Services Pte. Ltd. as its financial adviser ("Financial Adviser") (appointed on 15 February 2024).
Asset Portfolio and Operation		
2.	<p>On page 13 of the annual report, it is stated that the novation process, which involves taking over underlying leases from the master leases and other related party leases due to long overdue rent receivables, was</p>	<p>The Manager had appointed independent consultants to evaluate the market rental of the assets being leased under the master leases for the purpose of formulating a new leasing strategy for these assets.</p> <p>As mentioned in the Management Review section the FY2023 Annual Report, the Manager will continue to improve the lease performance and stabilise rental income of ECW's assets through:</p>

	<p>completed on 30 June 2024. What are the subsequent actions planned by the REIT's management following this completion, and are there any specific timeframes established for these actions?</p>	<p>(a) proactive leasing strategies to secure new tenants and retaining existing ones by engaging with existing and prospective tenants well in advance of lease expiry. As a result of proactive leasing strategy, the Manager successfully secured 15 new leases for Hengde Logistics Phase 1, bringing the occupancy rate of the asset (both Hengde Logistics Phase 1 and 2) from 31.4% to 76.2% as at 30 June 2024.</p> <p>(b) diversifying the tenants across the portfolio so as to reduce dependency on a few key tenants and to enhance the stability of rental income.</p> <p>These are part of the ongoing efforts by the Manager to adapt to the current market conditions and improve ECW's portfolio health and sustainability which will be pursued continuously.</p>
3.	<p>As a unitholder, I am happy to note that the REIT management has secured 15 new tenants for Hengde Logistics Phase 1. Could the management share the rental reversion of these leases?</p>	<p>A negative rental reversion of 30.4% has been recorded for Hengde Logistics Phase 1 after committing approximately 106,361 sqm of warehouse space for the asset.</p>
Distributions		
4.	<p>Given that distributions for unitholders have been suspended since FY2023 due to cash flow issues (which is quite disappointing, especially since it was stated during the AGM for FY2022 that unitholders should receive distributions for 1H FY2023), can the REIT's management clarify whether the remuneration for the entire management and board of directors remains the same as in</p>	<p>ECW is externally managed by the Manager and accordingly has no personnel of its own. The management fees payable to the Manager under ECW's trust deed for managing ECW are structured to align the interests of the Manager and the Unitholders with the base and performance management fee structure based on distributable income and distribution per Unit ("DPU") growth, respectively. Hence, the Manager will receive less fees in the event there is a decline in the distributable income and DPU growth of ECW.</p> <p>As a result, the remuneration of the CEO for FY2023 had been reduced to the band of S\$250,000 to S\$500,000 (as compared to FY2022 where the remuneration of the CEO was in the band of S\$500,000 to S\$750,000). The details of the FY2023 remuneration of management and the Board are disclosed at pages 52 and 53 of the FY2023 Annual Report.</p> <p>Please note that:</p>

	<p>previous years, or if there has been a voluntary pay cut or suspension to align with unitholders? If not, could the management explain why this is the case?</p>	<p>(i) although the Directors are entitled to directors' fees (see page 52 of the FY2023 Annual Report for details on the directors' fees), the directors' fees in respect of the period from 1 July 2023 to 30 June 2024 have not been paid out yet;</p> <p>(ii) based on ECW's financial performance In FY2023, no bonus will be paid to the management team in respect of FY2023.</p> <p>For the avoidance of doubt, the remuneration of all Directors and employees of the Manager are paid by the Manager and not by ECW. The Manager adopts the principle that remuneration should be appropriately structured to attract, retain and motivate qualified talent and key management personnel to provide good stewardship of ECW and to successfully manage ECW for the long term. The current management team has been stable and to ensure continuity of business and operations of ECW, it is important that the Manager continues to retain its team of competent and committed staff given the current very challenging situation.</p>
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Outlook / Others

5.	<p>The value of the stocks in ECW is negative, conclusion?</p> <p>How do we get back the money of our investment?</p> <p>I have received the Notice of AGM , do I need to attend ?</p> <p>Are we getting back any of the total amount that was loss or is this a TOTAL LOSS?</p>	<p>All Unitholders are entitled to attend the AGM, which provides an opportunity for Unitholders to stay informed about the latest developments, ask questions directly to the management, and express their views.</p> <p>The decline in the value of ECW's stock is a result of various challenges, including market conditions. The recoverability of these losses would depend on prevailing market conditions and ECW's future performance.</p> <p>The Manager will continue to actively work towards addressing the ongoing challenges with the interests of minority Unitholders in mind.</p> <p>In this regard, the Manager wishes to highlight the following:</p> <p>(a) the Manager has been actively engaged in negotiations to restructure ECW's financial obligations. As announced on 17 July 2024, the restructuring exercise of the existing onshore facilities ("Onshore Facilities") has been</p>
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		<p>completed. Please refer to the Manager's announcement dated 17 July 2024 for further details;</p> <p>(b) the Manager has completed the Underlying Leases Novation on 30 June 2024 as part of the remedial measures to address the rental arrears matter and ensure stable cash flow;</p> <p>(c) the Manager is in the process of evaluating various options for ECW, with the support of the Financial Adviser and property consultants; and</p> <p>(d) the Manager will continue to implement proactive leasing strategies to secure new tenants and improve occupancy rates, as mentioned in the response to Question 2 above.</p>
6.	<p>ECW stocks have been suspended for an extended period of time, with no news on when the suspension will end. I wish to cut my losses on the Units I own, but am unable to liquidate it on the open market. Can you please advise now I may liquidate these Units?</p>	<p>Pursuant to Rule 1304 of the Listing Manual, if the trading of the listed securities of an issuer is suspended under Rule 1303(3) of the Listing Manual, it must:</p> <p>(1) submit a proposal (or proposals) to the SGX-ST with a view to resuming trading in its securities ("resumption proposals") within 12 months of the date of suspension; and</p> <p>(2) implement the resumption proposals within 6 months from the date the SGX-ST indicates that it has no objection to the resumption proposals.</p> <p>The trading of the Units has been suspended since 31 August 2023 and remains suspended as at the date of this announcement due to ongoing restructuring and financial challenges of ECW. The goal is to make steady progress in the coming year, gradually adapting to the economic rebound, return to normalcy and for the trading suspension to be lifted.</p> <p>As mentioned in the Manager's announcement dated 20 March 2024, the Board considers that the following milestones should be met before ECW can submit a resumption of trading proposal to the SGX-ST:</p> <p>(a) achieving a favourable outcome from the restructuring negotiations with the lenders;</p>

		<p>(b) completion of the novation process as referred to above; and</p> <p>(c) ECW achieving the ability to generate positive cashflow to meet its operating and financing requirements.</p> <p>In this regard, the Manager would like to highlight that:</p> <p>(i) it has been actively engaged in negotiations to restructure ECW's financial obligations, which is a critical step towards stabilising ECW's financial position. As mentioned in the response to Question 5 above, the restructuring exercise of the Onshore Facilities has been completed;</p> <p>(ii) the Underlying Leases Novation was successfully completed on 30 June 2024, and it is a significant milestone in the path to recovery; and</p> <p>(iii) it will continue to take steps to improve lease performance and stabilise rental income, as mentioned in the responses to Questions 1 and 2 above.</p>
7.	<p>Additionally, may I check was the September 2023 dividend paid? I have yet to receive.</p>	<p>As announced by the Manager on 27 September 2023, due to insufficient funds, ECW was not able to make its distribution to unitholders for the period from 1 January 2023 to 30 June 2023 which was to be paid on 28 September 2023. The payment of the distribution will be deferred to a future date when ECW has sufficient free cash for the said distribution.</p> <p>Please refer to the announcement link below for more information: https://ecwreit.listedcompany.com/news.html/id/2460984</p>

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 ECW 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 ECW is not necessarily indicative of the future performance of ECW.

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.