



EC WORLD REAL ESTATE INVESTMENT TRUST

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

RESPONSES TO SGX-ST'S QUERIES ON ANNUAL REPORT 2019

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 11 May 2020 relating to EC World REIT’s Annual Report for the financial year ended 31 December 2019 (“**FY2019 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. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Response:

Whilst the Manager does not have a formal board diversity policy, the Board, in concurrence with the Nominating and Remuneration Committee (“NRC”), is of the view that the current Board composition has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of EC World REIT which is consistent with the intent of Principle 2 of the Code, given that the current Board comprises individuals who are business leaders and professionals with varied backgrounds ranging from financial, banking, real estate, strategic planning and investments, as well as knowledge and experience with the business environment that EC World REIT’s properties operate in. The appropriate level of independence of the Board was also further explained under “Board Composition and Guidance” in line with Principle 2 of the Code as disclosed on pages 45 to 46 of the FY2019 Annual Report.

In ensuring that the Board composition continues to possess the appropriate level of independence and diversity of thought and background, as disclosed on pages 48 and 29 of the FY2019 Annual Report, the NRC has also adopted a formal and transparent process for the appointment of new directors which reviews the selecting, appointing and re-appointing of Directors and makes recommendations accordingly to the Board for approval. The NRC will review the suitability of any candidates put forward for appointment and re-

appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he has sufficient time available to commit to his responsibilities as a director of the Manager, and whether he is a fit and proper person for the office. Based on the foregoing, the Board is diverse in terms of skills, experience, background and knowledge.

Accordingly, the Manager's practices are consistent with the intent of Provision 2.4 of the Code.

Query (b):

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provisions 8.1 of the Code with regards to the disclosure of remuneration. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Response:

The Manager has disclosed the remuneration of all the Non-Executive Directors of the Manager on page 52 of the FY2019 Annual Report.

In relation to the exact remuneration of the CEO and the aggregate remuneration paid to the key management personnel (excluding Directors and the CEO), the Manager has disclosed on page 53 of the FY2019 Annual Report the breakdown of the remuneration of the CEO and key management personnel into types of compensation in percentage terms and in bands of S\$250,000.

The Manager has also disclosed the reasons and factors on why it has determined that such disclosure will adversely affect its talent retention efforts. 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.

The FY2019 Annual Report had also disclosed in detail on page 52 of the components of the CEO's and the key management personnel's remuneration, comprising fixed and variable components. The fixed component comprises 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). Annual performance targets are in the form of both quantitative and qualitative measures and, are aligned to the business strategy for EC World REIT and linked to the performance of EC World REIT.

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

Taking into account the reasons why disclosure of the exact remuneration of the CEO and the aggregate remuneration paid to the key management personnel would be prejudicial to the interests of Unitholders and the disclosure of the remuneration policies, composition of remuneration and performance metrics which go towards determination of the total remuneration packages of the CEO and key management personnel, the Board has determined that there is sufficient transparency and insight 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.

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: 14 May 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.