**ANNEXURE A**

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RAISED AT THE ANNUAL GENERAL MEETING ("AGM") OF EC WORLD REAL ESTATE INVESTMENT TRUST ("EC WORLD REIT" OR "ECW") HELD ON 24 JULY 2023**

*Unless otherwise defined in this Annexure A, all capitalised terms used shall have the meaning ascribed to them in the annual report of EC World REIT for the financial year ended 31 December 2022 ("**FY2022**" and the annual report for FY2022, the "**Annual Report**"). Some questions and answers have also been edited for clarity.*

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| **1.** | **Question:** | The two (2) properties that EC World REIT will be divesting are Chongxian Port Logistics and Stage 1 Properties of Bei Gang Logistics (the "**Divestment Properties**", and proposed divestment of the Divestment Properties, the "**Proposed Divestment**").<br><br>Hangzhou Fu Gang Supply Chain Co., Ltd. ("**Fu Gang**"), one of the tenants of Chongxian Port Logistics, is a top contributor to EC World REIT's gross revenue at about 36.9%. Stage 1 Properties of Bei Gang Logistics contributes to about 22.3% of EC World REIT 's gross revenue. Together, they contribute to about 60% of EC World REIT's gross revenue.<br><br>Following the Proposed Divestment, 60% of EC World REIT's revenue will be lost. How does EC World REIT intend to cover this gap? |
| | Answer by CEO: | The Proposed Divestment will enable us to meet our mandatory repayment obligations under our financing arrangements (the "**Mandatory Repayment**"). Selling and buying of assets is part and parcel of EC World REIT's operations.<br><br>EC World REIT will continue to explore the market, focusing on warehousing logistics assets. We are also willing to consider explore such assets in other countries apart from China. |
| **2.** | **Question**: | EC World REIT only commences the negotiation for renewal of leases when the current lease is about to expire in a year's time.<br><br>Why could the lease renewal negotiations not commence earlier so that there would be a longer time frame for negotiations and probably, the leases could be renewed at a favourable rate? |
| | Answer by CEO: | This is the normal timeline for lease renewals and negotiation.<br><br>The tenants may not be willing to discuss lease renewals if we approach them too early before their lease expires.<br><br>With the current real estate sector situation in China, EC World REIT will continue to follow the current due process and engage with the tenants. The tenants' businesses are still in operation. Further, early discussion of lease renewal does not guarantee a better leasing rate. |

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| **3.** | **Question:** | Based on the information available on the Company's website and also in the Annual Report, EC World REIT's assets are mainly in Zhejiang, Hangzhou. These assets appear to be unique as they in the Yangtze River Delta, which serves as the transport nodes.<br><br>(i) Are these assets still considered good despite the market conditions?<br>(ii) Are these assets built for logistics purposes? |
| | Answer by Chairman: | The properties of EC World REIT are good assets and were built for logistics and e-commerce purposes.<br><br>Some of these properties are situated along the Beijing-Hangzhou Grand Canal (大运河) which was built hundreds of years ago.<br><br>The Chinese government has indicated interest in transforming or redeveloping the Grand Canal for other purpose. However, they have not made known to us the specific plans in respect of the ECW's assets along the Grand Canal.<br><br>Due to the compulsory expropriation, EC World REIT had sold one of its properties, Fu Zhuo Industrial, back to the Chinese government. |
| **4.** | **Question**: | (i) Why is EC World REIT using Singapore banks to lead the refinancing given that EC World REIT's assets are mainly in China?<br><br>(ii) Can EC World REIT arrange for the refinancing to be led by other banks in China or Hong Kong, as such banks would be better able to vouch for the quality of EC World REIT's properties and its Sponsor?<br><br>I urge the Board to engage actively with the banks, convince them to reassess the loan and situation given that China is re-opening post-COVID. This could perhaps save EC World REIT from having to divest the two properties which would result in lowering its distribution per Unit ("**DPU**"). |

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| | Answer by CEO: | To be fair to our lead bankers, both United Overseas Bank Limited ("**UOB**") and DBS Bank Ltd. ("**DBS**") have been very supportive to EC World REIT. UOB and DBS also have their respective branches in China.<br><br>During EC World REIT's initial public offering ("**IPO**"), EC World REIT's syndicate loans involved a total of seven (7) Chinese banks. However, due to the situation in China and the Chinese government policies, , these Chinese banks with the exception of Industrial and Commercial Bank of China ("**ICBC**") and China CITIC Bank International Limited ("**Citic**") did not continue with us during the second refinancing exercise of EC World REIT.<br><br>Hence, despite EC World REIT's effort to engage with Chinese banks, the Chinese banks view EC World REIT as a real estate entity and the real estate sector in China is facing some challenges. Notwithstanding the above, UOB, DBS and the other lending banks (collectively, the "**Banks**") have continued to support us.<br><br>The Banks have made their own assessment of the overall situation on the back of the general macro environment.<br><br>EC World REIT has good relationships with the Banks and management is of the view that the Banks are supportive of EC World REIT. |
| **5.** | **Question**: | (i) Would it make a difference if the loan refinancing was led by larger Chinese banks?<br>(ii) Was it due to the Chinese financial systems, or the overall real estate sector that is giving the lenders lesser confidence? |
| | Answer by Chairman: | Larger Chinese banks may not be willing to join the loan refinancing for EC World REIT. It is however not our position to comment on this.<br><br>The Banks, at their own discretion, arrived their decision for the repayment.<br><br>The CEO, Mr Goh and the CFO, Mr Wang have been working very hard for more than two years on the loan refinancing, which has not been an easy process.<br>I would like to take this opportunity to acknowledge Mr Goh and Mr Wang for their hard work and efforts in the current tough market. |
| **6.** | **Question:** | Must EC World REIT rely on loans from several banks? Can EC World REIT arrange for one (1) bank to fund one (1) property, so that it would be easier to make decisions? |
| | Answer by CEO: | There are many covenants between the Banks, EC World REIT and related parties, some of which are inter-related. It is not as straightforward as having one (1) bank to fund one (1) property. |

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| **7.** | **Question:** | On page 3 of the Annual Report, the bank interest rate (at an annualized all-in blended running interest rate) as at 31 December 2022 was shown as 4.9%. With the rising interest rate environment, (i) what was the interest rate for the refinancing as at 6 June 2023?<br><br>(ii) Can you give an indication on the all-in blended interest rate with respect to the refinancing for the financial years ending 31 December 2023 and 31 December 2024 in view of the challenging market?<br><br>If the interest rate were to increase more than 5.2%, it will impact EC World REIT's DPU. In EC World REIT's circular dated 24 November 2022, the decrease in DPU was projected to be roughly 28% to 30%.<br><br>If the two assets under the Proposed Divestment contribute to 60% of EC World REIT's revenue, the projected DPU would decrease by more than 30%, taking into account the current higher interest rate environment. |
| | Answer by CFO: | We had on 6 June 2023 announced that EC World REIT had completed its refinancing of its onshore and offshore loans.<br><br>The current interest rate regime – whether using the Singapore Overnight Rate Average (SORA) or Secured Overnight Financing Rate (SOFR) (used in US) as benchmark, is high about 4% to 5%.<br><br>For us as the borrowers, we will be releasing our financial results for the second quarter of 2023 (2QFY2023) in August 2023 and by then, there would be more information regarding our refinancing.<br><br>To give you a range based on current market, the all blended-in interest rate would be between 6% to 7%, for both onshore and offshore facilities. Please look out for the announcement on our financial results for the first half of 2023, which will be released in a couple of weeks. |
| | | I would want to take this opportunity to correct the earlier Unitholder's point where it was mentioned that Fu Gang contributes about 36.9% of EC World REIT's gross rental. Fu Gang is a master lessee of Chongxian Port Investment ("**CPI**"). CPI is one of the largest assets in EC World REIT's portfolio and this is not being divested. The revenue out of CPI is more than 20%. The revenue contributed by the Divestment Properties to EC World REIT is below 40% and not 60%.<br><br>Please also look out for the information in the circular to be issued in relation to the upcoming extraordinary general meeting to approve the supplementary agreement in respect of the Proposed Divestment.<br><br>**Afternote:** Please refer to the circular issued to Unitholders on 16 August 2023 **("2023 Circular**") for details. |
| **8.** | **Question:** | (a) The land tenure left for EC World REIT's assets is average about 35 years. Will the Chinese government take back the land use right after 35 years or can the lease be extended? |

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| | | (b) With not many assets left with EC World REIT and based on the locations of these assets, will the Chinese government exercise its compulsory expropriation rights again? |
| | | (c) There was an announcement made in 2018 where it was announced that EC World REIT would tie up with a big logistics company in Singapore. Is the Company willing to consider YCH Group again or other big name with assets in Singapore? This would help to support the unit price of EC World REIT. |
| | | (d) Can the Manager waive its divestment fee for the Proposed Divestment? The divestment fee is not a substantial figure, about S$2 million. If the amount is locked with the intended special distribution (about S$98 million), the top Unitholders of EC World REIT will also gain. This would be a win-win situation. |
| | Answer by CEO: | (a) The lease of industrial land in China is 50 years. We are currently left an average of about 35 years for EC World REIT's properties. We have seen the Chinese government renewing land leases at no cost several years ago. However, we do not know what the policy will be when the land tenure of EC World REIT's properties is up. |
| | | (b) As mentioned by Chairman in the responses to one of the previous questions, the Chinese government has indicated interest in transforming or redeveloping the properties along the Grand Canal for other purpose. However, we do not have information on the possibility of future expropriation at this juncture. |
| | | (c) As for the potential tie-up with YCH Group as announced in 2018, we did not proceed due to certain conditions not being met. As a REIT, we continue to explore collaboration, acquisition of assets/properties. Over the years, we have also explored many opportunities and these also included acquisition of properties from the Sponsor. |
| | | (d) The decision as to whether to waive the divestment fee will be made by the Manager at a later juncture. Please also refer to the Manager's announcement dated 21 July 2023 in relation to the response to Question (1)(v) from Securities Investors Association (Singapore). |
| **9.** | **Question:** | *(The Unitholder commented that Mr. Zhang Guobiao, the Chairman and Non-Executive Director of EC World REIT, who is also the Chairman of Forchn Holdings Group Co. Ltd ("**Forchn**") should avail himself at the general meetings of EC World REIT to demonstrate his support.)*<br><br>Will Forchn, the Sponsor of EC World REIT (the "**Sponsor**"), be able to take back the properties under the Proposed Divestment from EC World REIT at a reasonable price given that EC World REIT is facing problem with its refinancing?<br><br>The market has somehow lost its confidence in EC World REIT with its Unit price declined significantly from 79 Singapore cents to 29 Singapore cents. Can the Board of Directors consider buying back Units of EC World REIT to signify its confidence to the market? |

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| | Answer by Chairman: | Due to COVID-19 traveling restrictions, the Chairman of the Board ("**Board Chairman**"), Mr. Zhang Guobiao, had attended the AGM for the financial year ended 31 December 2021 ("**FY2021**") virtually. With resumption of travelling this year, Mr. Zhang was not able to attend the AGM for FY2022 due to work exigencies. We will convey Unitholders' concern to the Board Chairman.<br><br>There are certain restrictions for directors of EC World REIT ("**Directors**") to buyback the Units of EC World REIT as they are privy to certain information. Should the Directors undertake a Units buyback during periods when they are in possession of inside information, they may be construed as insider trading. |
| | Afternote: | Mr. Zhang was not able to attend the annual general meeting for FY2022 as he had to attend a series of business negotiation meetings in Xian City, the People's Republic of China. |
| | Answer by CEO: | As CEO of EC World REIT, I am currently holding some Units of EC World REIT.<br><br>The Sponsor group is acquiring the properties pursuant to the Proposed Divestment. In determining the consideration for the Proposed Divestment to the Sponsor group, EC World REIT has to abide by certain rules such as assessing the consideration against the properties' valuation. Legal advice had also been sought in ascertaining the rules governing the consideration for the Proposed Divestment.<br><br>The poor performance of Unit price of EC World REIT was mainly due to the overall negative market condition and the China's economy. In general, the unit price of other S-REITs had also declined.<br><br>As Manager of EC World REIT, we have been tracking the Unit price of EC World REIT. The market had reacted to developments relating to EC World REIT such as its refinancing issues and delay in making repayment under its financing arrangements. To-date, EC World REIT has partially settled such repayment obligations.<br><br>The Sponsor has shown its support and has made a total prepayment of approximately RMB 333 million to the Vendor through ECW Group for the Proposed Divestment. In addition, Mr. Zhang Guobiao has also provided personal guarantees in respect of the full outstanding amount of the Mandatory Repayment.<br><br>We hope the market will regain its confidence in EC World REIT once the Mandatory Repayment has been fully settled. |
| **10.** | **Question:** | Noted the Sponsor had extended graciously the loan to EC World REIT. Is there any law that forbids the Sponsor buying back EC World REIT's assets? |
| | Answer by CEO: | That was not a loan from the Sponsor. The amount of approximately RMB 333 million represents partial prepayment of the equity consideration for the Proposed Divestment. The Sponsor or the Purchasers are working hard on their financing to complete the Proposed Divestment. |

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| **11.** | **Question**: | *(The Unitholder commented the absence of Board Chairman at the last extraordinary general meeting dated 16 December 2022 and the AGM for FY2022 of EC World REIT, did not reflect well of the Sponsor of its continuing support.)* |
| | | The auditors had flagged EC World REIT's ability to continue as a going concern in the Annual Report:<br><br>(i) What is the Board's assessment of the prospect of the Purchasers raising enough funds to complete the Proposed Divestment and without which, EC World REIT would go into default.<br><br>(ii) EC World REIT had explained before reasons attributable to COVID-19, shut down of banks in China which caused the delay in refinancing. What about the current situation post-COVID? What was the reason for the Purchasers still not being able to raise funds to complete the Proposed Divestment? |
| | | (iii) What caused the drastic drop in the net asset value per Unit ("**NAV**"] from 90 Singapore cents to 75 Singapore cents?<br><br>(iv) What is the assessment of the NAV post-Proposed Divestment which I believe it would drop further? |
| | Comment by Chairman: | We will reflect Unitholders' view of the Board Chairman's absence to him and hope he will turn up at EC World REIT's general meeting next time.<br><br>The Board Chairman is unable to attend this meeting due to work exigencies.<br><br>Even while China is opening up (post-COVID), the market condition has led the banks to become more cautious and more demanding on their terms, which can be difficult for enterprises to obtain financing. Without the proceeds from the Proposed Divestment, which cannot be completed without the Long-Stop Date Extension (as defined in the 2023 Circular), EC World REIT will be at risk of a default of such financing obligations. |
| | Afternote: | Mr. Zhang was not able to attend the annual general meeting for FY2022 as he had to attend a series of business negotiation meetings in Xian City, the People's Republic of China. As the extraordinary general meeting held on 16 December 2022 ("**2022 EGM**") was to table a resolution involving a related-party divestment between EC World REIT and the Sponsor group and Mr Zhang is the Chairman of the Sponsor, Mr Zhang did not attend the 2022 EGM given his conflict of interest. |

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| | Answer by CFO: | The decline in NAV was mainly attributable to exchange rate fluctuations. RMB had depreciated significantly over the past years, including 2021 and 2022.<br><br>EC World REIT's assets are all in China and their valuations are in RMB. When we calculate the NAV, the RMB valuations would have to be translated into SGD. Coupled with the reduction in EC World REIT's assets valuation (about 2% in RMB), there is an overall decline in the EC World REIT's NAV.<br><br>From our view, the 2% decline in valuation in RMB term is not significant.<br><br>The valuation of EC World REIT's assets had in fact increased over the periods since EC World REIT's IPO. It was during the COVID-19 period when the valuations saw a dip.<br><br>EC World REIT had maintained a high NAV of around 90 Singapore cents before, as compared to 81 Singapore cents during its IPO, before it declined to 75 Singapore cents. The decline was a result of market factors and not due to operational issues.<br><br>In EC World REIT's circular dated 24 November 2022, there are disclosures relating to the *pro forma* financial effects of the Proposed Divestment on EC World REIT's NAV. A key factor affecting the NAV is how much we are going to return to Unitholders following the Proposed Divestment.<br><br>**Afternote:** Please refer to the 2023 Circular for further details, including updated disclosures relating to the *pro forma* financial effects of the Proposed Divestment and the proposed special distribution on EC World REIT's NAV. |
| | CEO added: | The auditors had performed a professional assessment of the audit of EC World REIT and the main reason for a qualified opinion was due to EC World REIT not meeting the mandatory repayment timeline. |
| **12.** | **Question:** | What is the percentage in the NAV decline attributable to the RMB depreciation? |
| | Afternote by CFO: | Out of 19.3% decline in NAV from FY2021, approximately 14.5% decline in NAV was attributable to RMB depreciation against SGD. |
| **13.** | **Question:** | It is a unique case where the banks are demanding a 25% prepayment which we have not come across in other REITs. We would like to know how you are going to handle this and going forward? |
| | Comment by Chairman: | If you are comparing us with other big names, you would also have to assess who are their underlying main unitholders. For instance, it would be easier to obtain refinancing riding on prominent family's name or large shareholders.<br><br>If you look at other Chinese real estate players, many of them have own set of problems over the years. |

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| | Answer by CEO: | We trust the lenders have their own way of making their assessment, taking into consideration the market and the real estate situation in China. We have to respect the decision of the lenders as to how they carry out their assessment. |
| **14.** | **Question:** | How high is the probability of EC World REIT renewing the master tenant lease? Other REITs are evenly spread over 5 years. Are you well spread in your (lease) risk? |
| | Answer by CEO: | The tenants of our master leases continue to run their operations and EC World REIT also receives their rentals. We had done the leases renewal a few years back.<br><br>Some of the tenants are owned by the Sponsor. Our interests are aligned, and we will do our best to have the master leases renewed. We will make the relevant announcement when appropriate. |
| **15.** | **Question:** | I would like to express my appreciation to the Sponsor for its support to EC World REIT.<br><br>On the compulsory expropriation of Fu Zhuo Industrial, the valuation performed for the asset in 2021 was S$24.0 million and the consideration of the disposal was S$15.3 million.<br><br>Was there a valuation performed prior to the negotiation on disposal with the Chinese authority? If yes, what was the value? What was the compensation? |
| | Answer by CFO: | The compulsory expropriation of Fu Zhuo Industrial happened in March 2022. Total compensation agreed with the Chinese government was RMB 108.5 million.<br><br>The valuation of Fu Zhuo Industrial was RMB 117.0 million before the compulsory expropriation.<br><br>There was a valuation gap between what we received from the Chinese government and what we could get from the market.<br><br>Under the normal divestment of assets, we would consider the discounted cashflow method which assumes perpetual operation. For expropriation by the Chinese government, they look at the termination of the operation on a temporary basis whereby they would consider cost of relocation instead of its prospective future earnings.<br><br>To-date, we have received RMB 76.0 million from the Chinese government, representing 70% of the compensation, with the remaining 30% is still pending. |
| | Comment by CEO: | The price which we paid for this asset at IPO was much lower than the latest valuation. Although the compensation from the Chinese government is slightly lower than the asset valuation, it is not considered a bad deal for us either. |
| **16.** | **Question:** | Did the Board consider a rights issue ("**Rights Issue**") before after all the delay and trouble? |

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| | Answer by CEO: | We had considered a Rights Issue before and had also engaged financial advisers ("**Financial Advisers**") to advise us.<br><br>However, a Rights Issue was not considered the best option and as such, we looked at the Proposed Divestment which would give us sufficient funds to meet the Mandatory Repayment. |
| | Answer by CFO: | For a Rights Issue, we will need to consider factors such as the discount component, support from major Unitholders including the Sponsor. Other institutions and cornerstone investors may or may not give their full support as internally they would probably have their own investment mandate in certain industry.<br><br>Overall, based on our assessment and taking into account feedback from the Sponsor and some cornerstone investors, the discount for a Rights Issue may not be aligned with all Unitholders. There is potential dilution for all Unitholders. If there is a new investor, it will dilute the existing Unitholders' unitholding further. Taking into consideration the above, a Right Issue was not considered the best option. |
| **17.** | **Question:** | Do you mean the substantial Unitholders do not support the Rights Issue? |
| | Answer by CFO: | Our Sponsor is certainly supportive. They hold about 43% and other institutional investors hold about 30% of EC World REIT, hence there is still a big gap. It is not easy to get support from all Unitholders. |
| **18.** | **Question:** | *(The Unitholder also remarked the absence of the Board Chairman.)*<br><br>Perhaps at that point of time, between a Rights Issue and the Proposed Divestment, the Proposed Divestment seemed to be the right decision. However, with the matters continuing to prolong to-date, does the Board still think that the Proposed Divestment is a correct decision?<br><br>We could be in a better-off situation even with a discounted price under the Rights Issue, considering the Unit price of EC World REIT 18 months ago vs today's price.<br><br>At one time, the Sponsor wanted to buy all the assets and the matter was called off. The Chinese authorities had earlier introduced the three red-line policy for the real estate market. The Board could have foreseen the problem and considered a Rights Issue then. Why was a Rights Issue not called for in the first place? |
| | Comment by Chairman: | I will invite the CEO to explain some of the sequential events that took place. When you look back in retrospect, things are always a lot clearer.<br><br>The decision made then was based on the issue and circumstances then. |
| | Answer by CEO: | There are certainly benefits of hindsight. We noted your points mentioned. |

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| | | When the Banks wanted a repayment, we have to respect their decision. We are talking about a substantial loan which is more than S$600.0 million to S$700.0 million. We could not just simply change our bankers as suggested by one of the Unitholders. We would like to reiterate that the lead banks, UOB and DBS, and together with all other banks in the syndicate loan have been supportive of EC World REIT. |
| | | When the Banks made the call for Mandatory Repayment, the Board duly discussed the matter, engaged the Financial Advisers and also consulted with the legal counsels to consider all possible options.<br><br>At that point of time, the Unit price of EC World REIT was indeed higher than today's price; however, it was not that high either. With a Rights Issue, there is a discount factor and potential huge dilution of unitholding. The number of Units to be issued under a Rights Issue in order to meet the Mandatory Repayment will be considerable. The Board had assessed and had concluded not to undertake a Rights Issue back then, as the dilution would be too huge. |
| | | The purchasers for the Proposed Divestment came in with their credible offer then.<br><br>The Board believed at that point in time, the Proposed Divestment was the right decision having deliberated and discussed the matter. |
| **Q&A for Resolution 3** | | |
| **19.** | **Question:** | Save and except for the issuance of Units as payment for management fees to the Manager, does Ordinary Resolution 3 include the authorisation for a Rights Issue? |
| | Comment by Chairman: | The issuance of units mandate is a common practice at the annual general meetings of REITs in Singapore. |
| | Answer by CEO | Ordinary Resolution 3 includes the authority to be granted to the Manager for a Rights Issue of up to fifty per cent (50.0%) of the total number of issued Units (excluding treasury Units, if any). |