

Annexure A

QUESTIONS AND ANSWERS RAISED AT THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF EC WORLD REAL ESTATE INVESTMENT TRUST (“EC WORLD REIT”) HELD ON 7 SEPTEMBER 2023

Unless otherwise defined in this Annexure A or in the minutes of the EGM dated 7 September 2023. All capitalised terms used shall have the meaning ascribed to them in the circular of EC World REIT dated 16 August 2023. Some questions and answers have also been edited for clarity.

1.	Question:	<p>The unitholder appreciated the presence of Mr Zhang, the Chairman of the Board, at this EGM which has given a confidence boost to Unitholders.</p> <p>He commented that the various events which happened the week before this EGM had come as a surprise to Unitholders, particularly the disclosure on the Sponsor defaulting on its rental obligation. With this event, he believed the lenders of the EC World REIT group (the “Lenders”) will be more prudent in its loan approval process for EC World REIT group and he asked:</p> <p>(i) Even if the Ordinary Resolution tabled today is passed, will the Proposed Divestment be completed?</p> <p>(ii) What is the alternative plan for EC World REIT for the Proposed Divestment?</p>
	Answer by CEO:	<p>The Sponsor has been paying rent to EC World REIT quarterly. The delay in rent payment has resulted in EC World REIT requesting for a release of the offshore interest reserve maintained under the offshore facilities of the EC World REIT group in order to enable the EC World REIT group to fully repay the offshore interest expense under the said offshore facilities.</p> <p>As Unitholders have heard from Mr Zhang earlier, the Sponsor is in the midst of securing financing to complete the Proposed Divestment. The Sponsor remains supportive of EC World REIT.</p> <p>As far as the Manager is concerned, it is important for us to keep the agreement for the Proposed Divestment valid. The Proposed Divestment must be completed by 31 October 2023 and we are about 7 to 8 weeks from the deadline. We believe the Sponsor is working hard to secure its financing.</p>
2i.	Question:	<p>On page 51 of the Circular, the pro-forma numbers showed a decrease in the distribution per unit in EC World REIT (“Unit”, and distribution per Unit, the “DPU”) from 5.12 cents to 3.63 cents assuming the Proposed Divestment was completed on 1 January 2022. If we take into account the increase in interest rates, how much decline in EC World REIT’s DPU should we expect?</p>
	Afternote by CFO	<p>Assuming the Proposed Divestment was completed on 1 January 2022, and the pro-forma financial statements to be adjusted based on the impact of the existing hedging instruments, average exchange rates for the period ending 31 August 2023 and interest rates as at 31 August 2023, the pro-forma DPU for the financial year ended 31 December 2022 would have been 1.66 cents.</p>

2ii.	Question:	<p>Can the Divestment Fee be waived?</p> <p>The unitholder cautioned the below:</p> <p>(a) possibility of going concern issue of EC World REIT in the event the trading suspension goes on for a prolonged period and that it would not be an easy task to apply to the SGX-ST to resume trading of the Units as a trading resumption proposal will have to be submitted to the SGX-ST; and</p> <p>(b) possibility of a crash in the price of the Units upon the resumption of trading in the Units. If this were to happen, and as the Divestment Fee would be paid in units, Unitholders will face further dilution of the Units held.</p> <p>The unitholder requested the Sponsor to consider and support the interests of minority Unitholders.</p>
	Answer by CFO:	<p>The Board and management team of the Manager will consider the waiver of the Divestment Fee at the right timing after the completion of the Proposed Divestment. The Manager's interest is aligned with the interest of Unitholders.</p>
2iii.	Question:	<p>Is EC World REIT still able to pay out its half-yearly distribution for the period from January to June 2023 in September 2023?</p>
	Answer by Chairman:	<p>The distribution is not on today's meeting agenda. We can deal with it after the meeting.</p>
3.	Question:	<p>(i) In the event the Proposed Divestment could not be completed, what is the Plan B?</p> <p>(ii) If the Proposed Divestment could not be completed, the REIT would be in default of its bank loans. Will EC World REIT be put into liquidation or will EC World REIT try to auction its properties to other buyers?</p>
	Answer by CEO:	<p>The proceeds from the Proposed Divestment are intended to be utilised to repay the mandatory repayment requested by the Lenders. The Manager will continue to discuss and engage with the Lenders, including potentially seeking a further extension of timeline beyond 31 October 2023 to complete the Proposed Divestment.</p> <p>The Manager will also explore other options. Some Unitholders had raised the possibility of a rights issue before. The Board had considered the possibility of a rights issue before and found it not viable. With the current Unit price of EC World REIT, the rights issue route is not at all viable for consideration anymore.</p> <p>EC World REIT still has other properties. As a Plan B, the Manager will explore the sale of properties and warehouses to other purchasers in the market when appropriate.</p> <p>The Manager will consider an asset sale if needed. As of now, it is more important for the Manager to continue to engage with the Lenders. The support from the Sponsor is equally important and the Mr Zhang has expressed the Sponsor's willingness to do so.</p>

4i.	Question:	<p>EC World REIT had used part of the offshore interest reserve to repay the offshore interest expenses of the EC World REIT group and the offshore interest reserve must be topped up within five business days from the date the funds were released, otherwise, it would result in a default pursuant to the offshore facilities of the EC World REIT group and would also trigger a cross-default under the onshore facilities of the EC World REIT group.</p> <p>Does EC World REIT have the avenue to top up the offshore interest reserve within the five business days?</p>
	Answer by CFO:	<p>The Manager is in discussions with the Lenders to extend the five business days period to a longer time.</p> <p>The Lenders have yet to respond to EC World REIT, and the Manager will make an announcement to update Unitholders on material developments when appropriate.</p>
4ii.	Question:	<p>What is the Audit and Risk Committee's ("ARC") position to ensure that the potential buyer has the relevant resources to complete the Proposed Divestment given now EC World REIT is nearly about six months off from the original Proposed Divestment due date?</p>
	Answer by CEO:	<p>When we signed the Equity Purchase Agreement, one of the conditions is that the Purchasers (led by the Sponsor) are committed to the terms of the agreement and they cannot back out. Both the Sponsor and the Purchasers are still working very hard to secure financing for the Proposed Divestment until today.</p> <p>There is no financing condition precedent for the Proposed Divestment but the Sponsor has shown its commitment.</p> <p>Mr Zhang, being an interested party in this transaction, has abstained from voting on today's resolution. The Board and ARC acknowledged both the Sponsor and Purchasers' efforts and commitment towards the completion of the Proposed Divestment.</p> <p>After the approval obtained from the Unitholders back in December 2022, the Sponsor had paid RMB333 million (approximately SGD64.5 million) as a prepayment for the Proposed Divestment even without securing the assets. This shows the Sponsor's and Purchasers' efforts towards completing the Proposed Divestment.</p>
5.	Question:	<p>When the earlier committed timeline for the Proposed Divestment could not be met, it had caused an impact to EC World REIT's unit price.</p> <p>(i) Is there any reason why the extension is until 31 October 2023?</p> <p>(ii) Can it be further extended?</p>
	Answer by CFO:	<p>The time frame is fixed by the Lenders and EC World REIT has till 31 October 2023 to complete the Proposed Divestment.</p> <p>EC World REIT is therefore seeking approval from Unitholders to extend the Supplementary Agreement to 31 October 2023, so that we can continue with the on-going efforts.</p> <p>Unitholders may also wish to note that pursuant to the Supplementary Agreement, the Relevant Parties (as defined in the Circular) have agreed for the long-stop date for the divestment to be amended to 31 October 2023 or such other date as may be determined by the Vendor with the approval of the MAS and the independent Unitholders of EC World REIT.</p>

