

**Issuer:** EC World Real Estate Investment Trust

**Security:** EC World REIT

**Meeting details:**

Date: 20 April 2018

Time: 2.00 p.m.

Venue: Sands Expo & Convention Centre, Level 4 Orchid Main Ballroom, Room 4201A, 4201B & 4202, 10 Bayfront Avenue, Singapore 018956

**Company Description**

Listed on 28 July 2016, EC World REIT is the first Chinese specialised logistics and e-commerce logistics REIT listed on Singapore Exchange Securities Trading Limited ("SGX-ST"). With its initial portfolio of six quality properties located in one of the largest e-commerce clusters in the Yangtze River Delta, EC World REIT offers investors unique exposure to the logistics and e-commerce sectors in Hangzhou, the People's Republic of China ("PRC"). EC World REIT's investment strategy is to invest principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply-chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus on the PRC. For more information, please visit: <http://www.ecwreit.com/>. EC World REIT is managed by EC World Asset Management Pte. Ltd., which is an indirect wholly-owned subsidiary of the Sponsor – Forchn Holdings Group Co., Ltd. Established in 1992 and headquartered in Shanghai, the Sponsor is a diversified enterprise group specialising in the real estate sector, industrial sector, e-commerce, logistics and finance. For more information, please visit [www.forchn.com.cn](http://www.forchn.com.cn).

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=BWCU](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BWCU))

1. On 23 March 2018, the REIT announced the appointment of Mr. Goh Toh Sim as Chief Executive Officer (CEO) of EC World Asset Management Pte. Ltd., the manager of the REIT. Mr. Goh was appointed the Acting CEO on 14 February 2018 following the resignation of Mr. Alvin Cheng Yu-Dong.

The former CEOs of the REIT managers did not stay on the job for long. Mr. Alvin Cheng Yu-Dong was appointed on 4 May 2017 and resigned on 9 Feb 2018 "to pursue other professional interests." Mr. Lai Hock Meng held the position from 1 Oct 2015 to 22 April 2017 and left to "pursue personal and other business interests".

- (i) **Can the board help shareholders understand if there were extenuating circumstances that led to the frequent changes of the CEO of the manager?**
- (ii) **What is the search process for senior management, especially the CEO?**
- (iii) **How does the manager ensure that it can attract a CEO who is highly capable, has experience of the markets/sectors and has his interests aligned so as to create long term value for the REIT and its unitholders?**

2. On 28 February 2018, the REIT has announced the proposed acquisition of the 100% equity interest of Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. which is the sole legal and beneficial owner of an industrial property in Wuhan, Hubei Province.

The comparison of the asset to be acquired and the REIT's current portfolio is as follows:

Comparison of:	The Wuhan Property	EC World REIT
Net Property Income <sup>(1)</sup>	The Wuhan Property: S\$1.4 million	S\$82.7 million <sup>(2)</sup>
Purchase Consideration against EC World REIT's market capitalisation	The Wuhan Property: S\$30.3 <sup>(3)</sup> million	EC World REIT's market capitalisation: S\$588.5 million <sup>(4),(5)</sup>

(Source: Company announcement dated 28 February 2018)

The proposed asset to be acquired has a net property income yield of 4.6% based on the figures shown above. With the existing portfolio having a valuation of \$1.34 billion, the net property income yield of the 6 IPO properties is 6.2%.

- (i) **Can the manager help unitholders better understand the investment merits of the proposed acquisition?**
- (ii) **Is this acquisition yield accretive to unitholders if it is not financed purely via debt?**

In addition, it was disclosed that the construction of the Right of First Refusal (ROFR) properties, namely Stage 2 of Bei Gang Logistics (block 9 to 17) and the Fuzhou E-commerce Properties, have been completed. **Does the REIT manager have visibility on the level of operationalisation of the ROFR assets?**

3. The group recognised an impairment of \$1.1 million in other receivables in Fu Zhuo Industrial Co., Ltd.

- (i) **Can the manager explain what these "Other receivables" were for and what is the profile of the debtor?**
- (ii) **What are the manager's efforts to collect this long outstanding debt?**