



c/o 12 Marina Boulevard, #22-03, Marina Bay Financial Centre Tower 3, Singapore 018982 Tel: (65) 6220 0162 Fax: (65) 6220 0269

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Bund Center Investment Ltd (the “Company” or “BCI”, and together with its subsidiaries, the “Group”) refers to the questions raised by the Securities Investors Association (Singapore) on 8 April 2026 in relation to the Company’s Annual Report for the financial year ended 31 December 2025 (the “Annual Report”). The Company’s responses are set out below.

Question 1:

The group’s principal assets are the Bund Center office tower and the Westin Bund Center Shanghai hotel. Details of the property portfolio are set out on page 4 of the 2025 annual report.

Property Portfolio AR2023					Property Portfolio AR2025							
NAME AND LOCATION OF MIXED DEVELOPMENT	TENURE	SITE AREA (SQ FT)	GROSS FLOOR AREA (SQ FT)	LETTABLE ROOMS/ NET LETTABLE AREA (SQ FT)	VALUATION	NAME AND LOCATION OF PROPERTY	ASSET TYPE	MANAGED BY	SITE AREA (SQ FT)	GROSS FLOOR AREA (SQ FT)	NET LETTABLE AREA/ LETTABLE ROOMS (SQ FT)	TENURE
THE BUND CENTER: AN INTEGRATED DEVELOPMENT COMPROMISING:	50-year lease till 2045	189,100	2,050,700		RMB8,137 million ¹ (S\$1,550 million)	THE BUND CENTER: AN INTEGRATED DEVELOPMENT COMPRISING:			189,100	2,050,700		50-year lease till 2045
(a) Hotel Located at 88 Henan Road Central, Huangpu District Shanghai 200002, PRC.			636,100	570 rooms	RMB2,529 million ¹ (S\$470 million)	Bund Center Office Tower 222 Yurian Road East, Huangpu District, Shanghai, PRC	Premium-quality Grade A Office	The Group		1,414,600	872,600	
(b) Office Tower Located at 222 Yanan Road East, Huangpu District Shanghai 200002, PRC			1,414,600	872,600	RMB5,808 million ¹ (S\$1,080 million)	The Westin Bund Center Shanghai 88 Middle Henan Road, Huangpu District, Shanghai, PRC	Five-star Luxury Hotel	Marriott International		636,100	570 rooms	

(Compiled from company annual reports)

In past annual reports, the company used to provide asset-level valuation disclosures. However, such disclosures appear to have been removed from the property portfolio summary page.

(i) Will the board commit to restoring a higher level of transparency by disclosing individual property valuations in the annual report, as was previously the practice?

The last available full valuation of the assets of the entire portfolio was done by the independent valuers, Savills Real Estate Valuation (Guangzhou) Ltd. Shanghai Branch, on 12 March 2024, valuing the total portfolio at RMB8.7 billion, or S\$1.6 billion.

A year later, the company only disclosed the valuation of the investment properties (namely the Bund Center office tower and the Golden Center retail complex) to be RMB3.9 billion, with valuation done by Jones Lang Lasalle Corporate Appraisal and Advisory Limited on 13 March 2025. In contrast, the valuation was RMB6.2 billion in the prior year.

(ii) Can the independent directors explain the key drivers behind the significant decline in valuation of the investment properties, and how these changes reconcile with the underlying operating performance of the assets?

Company's Response to Question 1(i)

The Board wishes to clarify that the current disclosure framework reflects a deliberate and considered decision, and not a reduction in transparency. Following a review of its disclosure practices in the course of preparing the FY2024 Annual Report, and having regard to the applicable financial reporting standards and the Group's commercial interests, the Board concluded that certain changes were appropriate. The same framework has been applied consistently in the FY2025 Annual Report.

The Bund Center Office Tower and the Golden Center Retail Complex are classified as investment properties carried at cost, with their fair values required to be disclosed under the applicable financial reporting standards. Both properties are therefore independently valued, and their fair values are disclosed in the notes to the financial statements. The Westin Bund Center Shanghai is an owner-operated asset classified under property, plant and equipment and carried at cost. Under the applicable financial reporting standards, a fair value disclosure for the hotel is not required.

While an independent valuation of the hotel had been commissioned in prior years, the Board concluded that, in the absence of any disclosure requirement, continuing to do so would provide only limited additional decision-useful information to shareholders, as the valuation does not affect the hotel's carrying amount or the Group's reported earnings. The Board also considered that such disclosure may unnecessarily expose the Group commercially.

Separately, the Board reviewed the basis on which the fair values of the investment properties are presented. The applicable financial reporting standards do not require fair value disclosure on an individual property basis. Given the Group's focused portfolio, the Board also considered that individual property disclosure could place the Group at a commercial disadvantage in dealings with competitors, existing tenants and prospective tenants. The fair values of the investment properties are therefore disclosed on an aggregate basis, consistent with the applicable financial reporting standards.

The Board is satisfied that the current disclosure framework appropriately balances transparency with the Group's commercial interests, and will continue to keep its disclosure practices under review as appropriate.

Company's Response to Question 1(ii)

The Board refers to the fair value disclosure in the FY2025 Annual Report. As set out in Note 14 to the financial statements, the fair value of the Group's investment properties, comprising the Bund Center Office Tower and the Golden Center Retail Complex, as at 31 December 2025 was approximately RMB3,800 million, based on an external valuation report dated 16 March 2026 issued by the independent professional valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The comparative fair value as at 31 December 2024 was RMB3,924 million. On that like-for-like basis, the movement during FY2025 was modest.

For completeness, the Board notes that the RMB8.7 billion valuation referred to in the question was a portfolio valuation as at 31 December 2023 covering all three assets, including The Westin Bund Center Shanghai. By contrast, the valuations disclosed under the current framework, namely RMB3,924 million as at 31 December 2024 and RMB3,800 million as at 31 December 2025, relate only to the investment properties. The appropriate like-for-like comparator for the investment properties as at 31 December 2023 was RMB6,200 million, as disclosed in the FY2024 Annual Report.

The decline from RMB6,200 million as at 31 December 2023 to RMB3,924 million as at 31 December 2024 reflected weaker market conditions across both the Shanghai office and Ningbo retail sectors. In Shanghai, broader macroeconomic headwinds, office oversupply and new competing developments placed pressure on market rents, occupancy and investor sentiment. In Ningbo, the retail investment market remained subdued, with limited transaction activity and weaker demand affecting market evidence and valuation inputs. These conditions continued to influence leasing and investment activity in 2025, although the year-on-year movement from 2024 to 2025 was comparatively modest.

The Board also notes that fair value movements may not necessarily move in lockstep with operating performance, as fair value is influenced by a broader set of market-based inputs and valuation assumptions. Having considered the external valuation process and the underlying market factors described above, the Board is satisfied that the changes in fair value across the relevant periods are supportable and consistent with the prevailing market environment.

Question 2:

The Bund Center office tower and the Westin Bund Center Shanghai hotel are recognised as the group's flagship assets. In FY2025, revenue declined by 3.4% from \$84.4 million to \$81.5 million, while EBITDA decreased from \$44.6 million to \$40.5 million.

	Segment revenue		Segment profit	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Hotel	48,832	48,407	16,670	14,900
Property leasing	32,716	35,998	22,273	28,041
	<u>81,548</u>	<u>84,405</u>	38,943	42,941
Depreciation and amortisation expenses			(21,788)	(20,452)
Interest income			5,627	5,806
Interest expense			(45)	(19)
Net foreign exchange loss			(3,871)	(1,460)
Certain administrative expenses not allocated			(4,118)	(4,112)
Profit before income tax			<u>14,748</u>	<u>22,704</u>

(Source: company annual report)

- (i) **Hotel:** The Marriott-managed reported marginal revenue growth in 2025, with segment profit increasing by 12% to \$16.7 million. Occupancy rate improved to 83.7%, but remains below the pre-COVID level of 86.5% in 2019, when average room rate exceeded RMB1,100 per night. **What specific initiative is management implementing to restore occupancy and pricing to pre-COVID levels?** With several five-star luxury hotels opening in Shanghai in recent years, the segment has grown increasingly competitive. **How does management assess the current positioning and competitiveness of The Westin Bund Center Shanghai given the age of the asset?**
- (ii) **Office Tower:** Leasing revenue has declined steadily from approximately \$55 million pre-COVID to \$39.4 million for FY2023, \$36.0 million in FY2024, and \$31.3 million in FY2025. **What is the current occupancy rate? In a “tenant-favourable market environment”, what specific leasing strategies and initiatives are being deployed to attract and retain tenants? How has the newly introduced premium co-working space performed?**

Company's Response to Question 2(i)

The competitive positioning of The Westin Bund Center Shanghai continues to be supported by its prime location in Shanghai's historic Bund area, its scale as a full-service luxury hotel, its established presence in the Shanghai market, and the support of the Westin brand and Marriott operating platform. The Board considers the hotel to remain competitively positioned within its market segment, notwithstanding the additional branded supply that has entered the market in recent years.

Operationally, management remains focused on disciplined commercial execution aimed at supporting occupancy, pricing and overall room performance. This includes sustaining demand across key segments, expanding event-related business, and continuing to strengthen guest experience, food and beverage offerings, and wellness-related offerings. The Board will continue to provide active oversight of the hotel's performance in close coordination with the hotel operator, with emphasis on service standards, commercial execution, operating efficiency and cost discipline.

To support the hotel's continued competitiveness, the Board notes that the hotel continues to undergo asset enhancement initiatives as part of its annual capital planning process. As disclosed in the FY2025 Annual Report, selected guest-facing improvement works completed during the year included planned guestroom maintenance, upgrades to key arrival and public areas, refurbishment works in selected meeting spaces, enhancements to signature dining venues, and improvements to fitness and building systems. These works are intended to preserve asset quality, support the hotel's competitiveness and market positioning, and ensure that it continues to meet the expectations of guests and event organisers.

Company's Response to Question 2(ii)

Leasing revenue at the Bund Center Office Tower has continued to be affected by challenging conditions in the Shanghai office market, where structural oversupply and cautious leasing sentiment have placed pressure on pricing and lease terms. In response, management remains focused on disciplined leasing execution, proactive tenant engagement and continued attention to asset quality and service standards.

As disclosed in the FY2025 Annual Report, the office tower has broadened its leasing offering through pre-renovated and fitted space solutions, providing tenants with greater flexibility, faster move-in options and reduced upfront fit-out requirements. Adaptable space planning options are also utilised, where appropriate, to support leasing discussions with prospective tenants. In parallel, selected enhancements, including the unmanned carpark solution and the introduction of a lunch-hour shuttle service, were implemented during the year to support tenant convenience and overall occupier experience.

On occupancy, the Board considers it prudent not to disclose specific occupancy figures, as the Group's office leasing activities are concentrated in a single office tower and disclosure of such information could place the Group at a commercial disadvantage in negotiations with existing and prospective tenants. The Board will continue to keep this disclosure approach under review.

As to the premium co-working space, management views this as part of the Bund Center Office Tower's broader flexible workspace strategy, aimed at widening the product offering and responding to occupiers seeking fitted and more flexible workplace solutions. The space has performed in a manner consistent with its intended strategic role, including supporting leasing discussions, accommodating a broader range of occupier needs, and enhancing the overall marketability of the office tower's available space.

Question 3:

The company paid an interim dividend of \$0.036 per share and has proposed a special final dividend of \$0.068 per share. The two dividend payments amounted to \$27.3 million and \$51.6 million respectively. As at 31 December 2025, the group held cash and bank balances of \$163.3 million.

- (i) **Beyond the current dividend, what are the board's capital allocation priorities for the group's cash reserves? Are there any planned capital expenditures, including asset enhancement initiatives for the hotel or office tower?**
- (ii) **How was the quantum of the special final dividend determined?**

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2025	2024	2025	2024
	S\$'000	S\$'000	S\$'000	S\$'000
USD	116,803	88,892	116,275	88,365
RMB	44,970	79,546	4	5
SGD	1,512	277	56	62
Others	3	3	-	-
	<u>163,288</u>	<u>168,718</u>	<u>116,335</u>	<u>88,432</u>

(Source: company annual report)

In addition, at the company level, cash and bank balances of over \$116 million are denominated in USD.

- (iii) **What is the rationale for holding a substantial portion of cash balances in USD rather than SGD, given that dividends are declared and paid in SGD?**

Company's Response to Question 3(i)

The Board's approach to capital allocation is guided by three principal considerations.

First, asset enhancement and asset reliability. The Group has ongoing capital expenditure and asset enhancement requirements for both the Bund Center Office Tower and The Westin Bund Center Shanghai. As part of its annual capital planning process, the Board reviews capital expenditure programmes for these assets to support long-term competitiveness, operational reliability and asset quality.

Second, liquidity and operational resilience. The Group maintains cash reserves to support day-to-day operating requirements, foreseeable capital commitments and an appropriate liquidity buffer, having regard to the needs of its operating assets and overall financial prudence.

Third, shareholder returns. The Board remains committed to returning surplus capital to shareholders where appropriate, having regard to the Group's financial performance, cash generation, capital requirements and overall capital allocation priorities. This is consistent with the Board's balanced approach to capital management, taking into account both shareholder returns and future funding needs.

Company's Response to Question 3(ii)

The quantum of the special final dividend was determined following a careful assessment of the Group's liquidity position, operating cash generation, current and foreseeable capital requirements, and overall capital allocation priorities. The Board notes that the Group's cash and bank balances of S\$163.3 million as at 31 December 2025 were stated after payment of the interim dividend of S\$27.3 million. The Group also generated net cash from operating activities of S\$32.2 million during FY2025. Against this backdrop, the Board considered that the proposed special final dividend of S\$51.6 million would allow the Group to return surplus capital to shareholders while retaining a healthy liquidity position to support operations, capital requirements and an appropriate prudential buffer.

The Board also wishes to clarify that the proposed special final dividend is not intended to establish a recurring distribution baseline, and future dividend decisions will continue to be assessed having regard to the Group's financial performance, cash generation, capital requirements and overall circumstances prevailing at the time.

Company's Response to Question 3(iii)

The USD cash balances principally reflect proceeds received from the capital reduction exercises undertaken by Shanghai Golden Bund Real Estate Co., Ltd. in 2024 and 2025, which were repatriated and held at the Company level in USD. As disclosed in the FY2025 Annual Report, cash and bank balances denominated in USD amounted to S\$116.3 million at the Company level as at 31 December 2025.

The Board considers it appropriate to continue holding these balances substantially in USD, having regard to the currency in which the funds were received and prevailing deposit yield considerations. Where dividends are declared in SGD, the Company converts the required amount into SGD as required.

By Order of the Board
Bund Center Investment Ltd

Frankle (Djafar) Widjaja
Executive Chairman and Chief Executive Officer

Date: 17 April 2026