

EC WORLD REAL ESTATE INVESTMENT TRUST
(Constituted under a Trust Deed in the Republic of Singapore)

CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months and twelve months ended 31 December 2022

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INTRODUCTION

ECW is a Singapore-domiciled real estate investment trust which was listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 28 July 2016 (“**Listing Date**”). ECW was constituted by the trust deed dated 5 August 2015 (as amended and restated). EC World Asset Management Pte. Ltd. is the manager of ECW (the “**Manager**”) and DBS Trustee Limited is the trustee of ECW (the “**Trustee**”).

ECW was established with the investment strategy of investing 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 in the People’s Republic of China (“**PRC**”).

The Manager’s key financial objectives are to provide unitholders of ECW (“**Unitholders**”) with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in Distribution per Unit (“**DPU**”) and Net Asset Value (“**NAV**”) per Unit, while maintaining an appropriate capital structure for ECW.

ECW’s portfolio comprises seven properties (collectively known as the “**Properties**”) located in Hangzhou and Wuhan, the PRC, with an aggregate net lettable area (“**Net Lettable Area**” or “**NLA**”) of 953,333 square meters. The Properties are:

1. Fu Heng Warehouse (E-commerce logistics);
2. Stage 1 Properties of Bei Gang Logistics (E-commerce logistics) ⁽¹⁾;
3. Wuhan Meiluote (E-commerce logistics);
4. Hengde Logistics (Specialised logistics);
5. Chongxian Port Investment (Port logistics);
6. Chongxian Port Logistics (Port logistics) ⁽¹⁾;
7. Fuzhou E-Commerce (E-commerce logistics).

Note 1:

On 3 October 2022, the Manager announced that ECW, through its wholly-owned subsidiary, Richwin Investment Pte. Ltd. (“**Vendor**”), has on 30 September 2022 entered into an equity purchase agreement (the “**Equity Purchase Agreement**”) with Hangzhou Futou Beigang Enterprise Management Co., Ltd. (“**HFBEM**”), Forchn International Pte. Ltd. (“**FIPL**”, and together with HFBEM, the “**Purchasers**”) and the Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the “**Sponsor**”) pursuant to which ECW will divest its indirect interests in Stage 1 Properties of Bei Gang Logistics (“**Beigang Logistics Stage 1**”) and Chongxian Port Logistics (“**Chongxian Port Logistics**”) (together the “**Divestment Properties**”) (the “**Proposed Divestment**”) (Please refer to Balance sheet note 4 for details).

Both Divestment Properties are located in Hangzhou, the PRC. The NLA for the remaining five properties is 707,058 square meters.

Summary Results of ECW

		Group					
		1.10.22 to 31.12.22	1.10.21 to 31.12.21	Change	1.1.22 to 31.12.22	1.1.21 to 31.12.21	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(1)	28,414	31,943	(11.0)	121,568	125,488	(3.1)
Net property income	(1)	25,966	28,813	(9.9)	110,956	113,025	(1.8)
Distribution to Unitholders		5,085	12,440	(59.1)	38,564	50,615	(23.8)
Distribution per unit ("DPU") (cents)	(2)	0.628	1.537	(59.1)	4.762	6.263	(24.0)
Annualised distribution yield (%)							
- Based on share price of S\$0.445 per unit as at 30 December 2022		5.60	7.92	(29.3)	10.70	8.13	31.6

Notes:

- (1) Gross revenue and net property income for 4Q2022 were S\$28.4 million and S\$26.0 million respectively. After adjusting for effective rent, security deposit accretion and other relevant distribution adjustments in the Condensed Consolidated Distribution Statement, gross revenue and net property income were S\$27.7 million and S\$25.2 million respectively in 4Q2022 (4Q2021: S\$30.8 million and S\$27.6 million respectively).
- (2) ECW's distribution policy is to distribute at least 90% of distributable income for each financial year on a semi-annual basis. ECW has been making distribution on a quarterly basis since its first distribution on 28 November 2016. On 27 December 2022, the Manager has announced that ECW will make distributions on a half-yearly basis, in respect of the periods commencing on or after 1 January 2023.

For 4Q2022, the Manager has resolved to distribute 90% of the total amount available for distribution to Unitholders. ECW will retain 10% of total amount available for distribution for general working capital purpose. Please refer to the Condensed Consolidated Distribution Statement. The next distribution for the period from 1 October 2022 to 31 December 2022 will be made on or around 29 March 2023.

Distribution and Record Date

Distribution	1 October 2022 to 31 December 2022
Distribution type	Tax-exempt distribution
Distribution rate	0.628 cents
Record date	15 March 2023
Payment date (est)	29 March 2023

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CONSOLIDATED STATEMENT OF TOTAL RETURN
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		6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	Change %	Group 12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000	Change %	Remark
	Note							
Gross revenue		58,244	63,499	(8.3)	121,568	125,488	(3.1)	(1)
Property expenses		(5,227)	(6,091)	(14.2)	(10,612)	(12,463)	(14.9)	(2)
Net property income		53,017	57,408	(7.6)	110,956	113,025	(1.8)	
Finance income		946	1,088	(13.1)	1,997	2,235	(10.6)	
Finance costs		(21,804)	(20,169)	8.1	(41,856)	(39,791)	5.2	(3)
Manager's base fees		(2,253)	(2,902)	(22.4)	(4,606)	(5,567)	(17.3)	(4)
Manager's performance fees		-	(532)	N/M	-	(532)	N/M	
Trustee's fees		(158)	(174)	(9.2)	(327)	(343)	(4.7)	
Exchange differences		6,712	(529)	N/M	4,800	(2,010)	N/M	(5)
Other trust expenses		(538)	(530)	1.5	(1,132)	(1,141)	(0.8)	(6)
Net income		35,922	33,660	6.7	69,832	65,876	6.0	
Pre-termination compensation		-	-	N/M	(4,106)	-	N/M	(7)
Net change in fair value of investment properties		15,583	(29,790)	N/M	(38,859)	(29,790)	30.4	(8)
Net change in fair value of financial derivatives		(758)	3,370	N/M	5,820	8,548	(31.9)	(9)
Total return for the period before income tax		50,747	7,240	>100	32,687	44,634	(26.8)	
Income tax expenses	7	(17,516)	(8,147)	>100	(22,577)	(20,151)	12.0	
Total return for the period after income tax before distribution		33,231	(907)	N/M	10,110	24,483	(58.7)	
Earnings per unit (cents)								
- Basic and diluted	8	4.10	(0.11)	N/M	1.25	3.03	(58.7)	(10)

The accompanying notes form an integral part of these condensed interim financial statements.

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Remarks:

- (1) Gross revenue comprises gross rental income and other income from the investment properties.
- (2) Property expenses comprise property management fee, reimbursable expenses payable to Property Manager and other property related expenses.
- (3) Finance costs comprises interest expenses on borrowings, amortisation of capitalised transaction costs and other financing fees.
- (4) Manager's management fees consist of:
 - (a) A base fee of 10% per annum of the Distributable Income (calculated before accounting for the base fee and the performance fee in each financial year); and
 - (b) A performance fee of 25% per annum of the difference in Distribution per Unit ("DPU") in a financial year with the DPU in the preceding full financial year (calculated before accounting for performance fee but after accounting for base fee in each financial year) multiplied by weighted average number of Units in issue for such financial year.

The Manager has elected to receive 100% of its base fee in the form of cash for the period from 1 January 2022 to 31 December 2022.

- (5) Foreign exchange gain/loss arises mainly from revaluation of loans in foreign currency.
- (6) Other trust expenses include professional fees and other non-property related expenses.
- (7) On 9 March 2022, ECW REIT entered into an expropriation and compensation agreement (the "**Expropriation Agreement**") with the PRC authorities in relation to the Compulsory Expropriation of Fu Zhuo Industrial (the "**Compulsory Expropriation**"). Under the terms of the Expropriation Agreement, the PRC authorities shall provide a Compensation Package (the "**Compensation Package**") amounting to RMB108.5 million, which resulted in a fair value loss of RMB8.5 million (S\$1.8 million).

On 27 May 2022, EC World REIT entered into a pre-termination compensation agreement with the third-party tenant resulting from the Compulsory Expropriation (the "**Pre-Termination Compensation**") and made a provision of RMB19.2 million (S\$4.1 million).

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As of 31 December 2022, 70% of compensation package (RMB76 million) has been received from the authority. Out of the compensation package received, RMB60 million was used for the partial prepayment of the onshore and offshore loans facilities, and RMB13.4 million was used for the pre-termination compensation to the third-party tenant. ECW has recognized 70% of the Pre-termination Compensation provision accordingly for distribution purpose based on 70% of the compensation package received. The balance of the Pre-Termination Compensation provision will be recognized upon receipt of the remaining compensation package.

On 30 September 2022, ECW has completed the de-registration of the real property right in Fu Zhuo Industrial, hence the obligation for the remaining 30% of Compensation Package (RMB32.6 million) has been fulfilled as per Expropriation Agreement. As a result, the asset was derecognized from the financial statements.

- (8) The net change in fair value of the investment properties arose from fair value loss as a result of compulsory expropriation of Fu Zhuo Industrial, revaluation as at 30 June 2022 by Knight Frank Petty Ltd ("**Knight Frank**") and Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**") and revaluation as at 31 December 2022 by JLL.
- (9) The net change in fair value of financial derivatives relates to various derivative financial instruments which were put in place by the Manager to hedge interest rate and exchange rate risks.
- (10) EPU calculation uses the total return for the period after tax, and the weighted average number of units issued. The diluted EPU is the same as basic EPU as no dilutive instruments were in issue during the period.

	<u>Group</u>			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
Weighted average number of units as at end of period	809,838,247	808,188,752	809,753,700	807,265,343
Earnings per unit ("EPU") – Basic and Diluted (cents)	4.10	(0.11)	1.25	3.03

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STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW
As at 31 December 2022

		<u>Group</u>			<u>ECW</u>		
	Note	31 December 2022 S\$'000	31 December 2021 S\$'000	Change %	31 December 2022 S\$'000	31 December 2021 S\$'000	Change %
ASSETS							
Current assets							
Cash and bank balances ⁽¹⁾		113,330	169,255	(33.0)	1,494	184	>100
Trade and other receivables ⁽²⁾		14,293	52,115	(72.6)	1,203	1,103	9.1
Derivative financial instruments ⁽³⁾		1,857	-	N/M	-	-	N/M
Loans to subsidiaries		-	-	N/M	241,556	289,137	(16.5)
		<u>129,480</u>	<u>221,370</u>	<u>(41.5)</u>	<u>244,253</u>	<u>290,424</u>	<u>(15.9)</u>
Assets of disposal group classified as held-for-sale ⁽⁴⁾	10	460,424	-	N/M	-	-	N/M
		<u>589,904</u>	<u>221,370</u>	<u>>100</u>	<u>244,253</u>	<u>290,424</u>	<u>(15.9)</u>
Non-current assets							
Investment properties ⁽⁵⁾	9	1,076,874	1,673,893	(35.7)	-	-	N/M
Investments in subsidiaries		-	-	N/M	39,588	39,588	-
		<u>1,076,874</u>	<u>1,673,893</u>	<u>(35.7)</u>	<u>39,588</u>	<u>39,588</u>	<u>-</u>
Total assets		<u>1,666,778</u>	<u>1,895,263</u>	<u>(12.1)</u>	<u>283,841</u>	<u>330,012</u>	<u>(14.0)</u>
LIABILITIES							
Current liabilities							
Trade and other payables		47,584	33,521	42.0	2,820	2,513	12.2
Loans from subsidiaries		-	-	N/M	372,420	426,272	(12.6)
Borrowings ⁽⁶⁾	11	584,654	708,308	(17.5)	-	-	N/M
Derivative financial instruments ⁽³⁾		1,099	4,993	(78.0)	-	-	N/M
Current income tax liabilities		16,411	16,380	0.2	-	-	N/M
		<u>649,748</u>	<u>763,202</u>	<u>(14.9)</u>	<u>375,240</u>	<u>428,785</u>	<u>(12.5)</u>
Liabilities directly associated with disposal group classified as held-for-sale ⁽⁴⁾	10	168,727	-	N/M	-	-	N/M
		<u>818,475</u>	<u>763,202</u>	<u>7.2</u>	<u>375,240</u>	<u>428,785</u>	<u>(12.5)</u>
Non-current liabilities							
Trade and other payables		40,929	69,969	(41.5)	-	-	N/M
Borrowings ⁽⁶⁾	11	8,482	13,185	(35.7)	-	-	N/M
Deferred income tax liabilities ⁽⁷⁾		191,061	296,174	(35.5)	-	-	N/M
Government grant		837	980	(14.6)	-	-	N/M
		<u>241,309</u>	<u>380,308</u>	<u>(36.5)</u>	<u>-</u>	<u>-</u>	<u>N/M</u>
Total liabilities		<u>1,059,784</u>	<u>1,143,510</u>	<u>(7.3)</u>	<u>375,240</u>	<u>428,785</u>	<u>(12.5)</u>

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STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW
As at 31 December 2022

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		606,994	751,753	(19.3)	(91,399)	(98,773)	(7.5)
Represented by:							
UNITHOLDERS' FUNDS		606,994	751,753	(19.3)	(91,399)	(98,773)	(7.5) (8)
UNITS IN ISSUE ('000)	12	809,838	809,492	-	809,838	809,492	-
NET ASSET VALUE PER UNIT (\$)		0.75	0.93	(19.4)	(0.11)	(0.12)	(8.3)

Remarks:

- (1) Includes RMB71.6 million (S\$13.8 million) cash security deposits received from the master leases and cash deposits of RMB480.3 million (S\$92.9 million) placed as collateral for standby letter of credit ("SBLC") issuance. As at 31 December 2022, cash collaterals for SBLC facilities were placed with United Overseas Bank (China) Limited and Bank of East Asia (China) Limited which have good credit rating.
- (2) Decrease in trade and other receivables is mainly due to collection from related party leases (including master lease agreements) during the period and the reclassification of disposal group as asset held for sale (Please refer to note (4) below). The master lease agreements are secured by the cash security deposit of RMB221.6 million (S\$42.8 million). Under the master lease agreements, the overdue rent receivables are subjected to a late payment interest of 0.03% per day.
- (3) This relates to the fair values of the derivative financial instruments entered into to hedge the various risks of ECW. As at 31 December 2022, the derivative instruments entered into were:
 - (a) Plain vanilla interest rate swaps (to hedge the interest rate of the Offshore Facility);
 - (b) Cross currency swaps (to hedge the interest rate and foreign exchange rate of the Offshore Facility);
 - (c) Currency options contracts (to hedge the expected income repatriation from China to Singapore); and
 - (d) Foreign exchange forward contracts (to hedge the foreign exchange rate of the Offshore Facility)
- (4) This relates to the divestment properties. The entire assets and liabilities related to the Proposed Divestment are presented as a disposal group classified as held-for sale as at 31 December 2022.

Please refer to Note 10 for details.

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STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW
As at 31 December 2022

- (5) Represents the year end fair value of the investment properties based on the valuation as at 31 December 2022 conducted by JLL. The investment properties are pledged as security for the borrowings of ECW and its subsidiaries (collectively, the “**Group**”). The decrease in carrying value of the investment properties was mainly due to the derecognition of Fu Zhuo Industrial, the reclassification of Divestment Properties as asset held for sale (Note 9), fair value loss and weakening of RMB against SGD. In RMB terms, the valuation including the Divestment Properties as at 31 December 2022 is 2.2% lower at RMB7,604 million compared to the valuation of RMB7,775 million as at 31 December 2021. Valuation for the Divestment Properties is based on the agreed property value of the divestment properties pursuant to the Equity Purchase Agreement.
- (6) Consists of term loan facilities drawn down in 3Q2019 and revolving credit facilities. The decrease of borrowings was mainly due to repayment of onshore loan of RMB82.2 million (S\$17 million), offshore SGD loan of S\$15.9 million, offshore USD loan of US\$ 4.4 million (S\$6.1 million) and net payment of revolving credit facilities of S\$22.4m. During the twelve months ended 31 December 2022, S\$1.4 million of loan facilities payable within a year were reclassified from non-current liabilities to current liabilities. Please refer to Note 11 for details.
- (7) Relates mainly to the deferred tax liability arising from the fair valuation of investment properties. The decrease was mainly due to deferred tax liability relating to the divestment properties reclassified to liabilities associated with disposal group.
- (8) Please refer to Condensed Statements of Movements in Unitholders’ Funds for details.
- (9) As at 31 December 2022, the current liabilities of the Group and ECW exceeded the current assets by S\$228,571,000 and S\$130,987,000 respectively. The Group has borrowings of S\$586,255,000 which are due for repayment within the next 12 months from the reporting date. Notwithstanding, the financial statements are prepared on a going concern basis, as the Manager is in the process of working with lead banks to refinance the borrowings, and expect that refinancing of these borrowings will be completed before these borrowings become due for repayment.
- (10) On 30 September 2022, ECW has carried out an Internal restructuring of the holding structure of Fuzhou E-Commerce. Fuzhou E-Commerce is wholly-owned by Zhejiang Fuzhou E-Commerce Co., Ltd, a PRC-incorporated company (the “**PRC Holdco**”). Realtime Assets Global Pte. Ltd., a Singapore-incorporated company (the “**Singapore Holdco**”), holds 34.02% interest in the PRC Holdco while the remaining 65.98% in the PRC Holdco is held by Wuhan Fute Logistics., Ltd, a PRC-incorporated company (the “**Wuhan Fute**”). As part of the Manager’s internal restructuring plan, the Singapore Holdco has transferred its 34.02% interest in PRC Holdco to Wuhan Fute (the “**Transfer**”). The transfer does not have any impact on the NAV or the distribution per unit of ECW for the financial year ending 31 December 2022.

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONSOLIDATED DISTRIBUTION STATEMENT

For the six months and the twelve months ended 31 December 2022

	<u>Group</u>			
	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000
Total return for the period	33,231	(907)	10,110	24,483
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments				
- Straight lining of step-up rental	(19)	(792)	(229)	(1,539)
- Security deposits accretion	28	(53)	56	(104)
- Manager's base fees paid/payable in units	-	745	-	2,077
- Manager's performance fees paid/payable in units	-	266	-	266
- Trustee's fees	158	174	327	343
- Net change in fair value on investment properties ⁽¹⁾	(15,583)	29,790	37,588	29,790
- Deferred tax charge/charge, net ⁽¹⁾	5,142	(2,878)	(3,073)	(2,691)
- Net change in fair value of financial derivatives	758	(3,370)	(5,820)	(8,548)
- Amortisation of upfront debt issuance costs	2,794	3,006	5,699	5,827
- Foreign exchange (gain)/loss, net	(6,761)	725	(4,966)	2,120
- Pre-termination compensation ⁽¹⁾	-	-	1,232	-
- Provision of withholding tax	628	-	628	-
- Write-back provision for doubtful receivables	(102)	(113)	(102)	(113)
- Others	1	(4)	2	(4)
	(12,956)	27,496	31,342	27,424
Amount available for distribution	20,275	26,589	41,452	51,907
Distribution to Unitholders	16,131	25,879	38,564	50,615
Number of units entitled to distribution	809,838,247	809,491,511	809,838,247	809,491,511
Distribution per Unit (cents)	1.992	3.194	4.762	6.263
Annualised Distribution per Unit (cents)	3.952	6.336	4.762	6.263

Note 1:

70% of fair value loss on investment properties, deferred tax credit and pre-termination compensation relating to the Compulsory Expropriation of Fu Zhuo Industrial have been recognized in computation of distributable income for the period ended 31 December 2022, which is in line with the amount of compensation received.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months and the twelve months ended 31 December 2022

		Group				
	Note	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000	Remark
Cash flows from operating activities						
Total return for the period		33,231	(907)	10,110	24,483	
Adjustments for:						
- Income tax expenses	7	17,516	8,147	22,577	20,151	
- Finance income		(946)	(1,088)	(1,997)	(2,235)	
- Finance costs		21,804	20,169	41,856	39,791	
- Effect of straight lining of step-up rental		(19)	(792)	(229)	(1,539)	
- Effect of security deposits accretion		(1,537)	(1,624)	(3,135)	(3,185)	
- Fair value loss/(gain) on derivative financial instruments		758	(3,370)	(5,820)	(8,548)	
- Fair value (gain)/loss on investment properties		(15,583)	29,790	38,859	29,790	
- Write-back provision for doubtful receivables		(102)	(113)	(102)	(113)	
- Manager's base fees payable in units		-	745	-	2,077	
- Manager's performance fees payable in units		-	266	-	266	
- Foreign exchange (gain)/loss, net (unrealised)		(4,739)	725	(3,051)	2,120	
Operating cash flow before working capital change		50,383	51,948	99,068	103,058	
Change in working capital:						
Trade and other receivables		1,289	500	19,411	(10,096)	
Trade and other payables		(15,400)	1,994	(808)	1,862	
Cash generated from operating activities		36,272	54,442	117,671	94,824	
Interest received		946	1,088	1,997	2,235	
Income tax paid (net)		(15,401)	(15,718)	(26,110)	(26,845)	
Net cash generated from operating activities		21,817	39,812	93,558	70,214	
Cash flows from Investing activities						
Additions to investment properties		(351)	(375)	(351)	(375)	
Prepayment received of the Equity consideration		38,660	-	38,660	-	(2)
Proceeds from disposal of investment properties		15,314	-	15,314	-	
Net cash generated from/(used in) investing activities		53,623	(375)	53,623	(375)	
Cash flows from financing activities						
Repayment of bank borrowings		(71,091)	(22,472)	(110,902)	(53,078)	(1)
Distribution to Unitholders		(22,279)	(25,814)	(45,921)	(49,673)	
Proceeds from bank borrowings		34,000	35,550	49,500	73,550	(1)
Payment of loan transaction fees		(332)	-	(4,565)	-	
Interest paid		(15,016)	(14,856)	(34,597)	(29,455)	
SBLC commission paid		(174)	(137)	(280)	(331)	
Release/(placements) of deposits for SBLC facilities		14,724	(3,458)	23,291	(26,997)	
Top up for interest reserve		(1,002)	-	(1,002)	-	
Released from escrow account		22,025	-	22,025	-	(2)
Transfer to escrow account		(38,660)	-	(60,685)	-	(2)
Net cash used in financing activities		(77,805)	(31,187)	(163,136)	(85,984)	
Net increase/(decrease) in cash and cash equivalents		(2,365)	8,250	(15,955)	(16,145)	
Cash and cash equivalents at beginning of the period		8,981	14,367	22,713	38,037	
Effects of exchange rate changes on cash and cash equivalents		(281)	96	(423)	821	
Cash and cash equivalents at the end of the period		6,335	22,713	6,335	22,713	(2)

The accompanying notes form an integral part of these condensed interim financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months and twelve months ended 31 December 2022

Remarks:

- (1) Refer to Note 11 for details.
- (2) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<u>Group</u>	
	31 December 2022	31 December 2021
	S\$'000	S\$'000
Cash and bank balances (including disposal group)	158,466	169,255
Less:		
- Interest reserves [#]	(16,368)	(16,025)
- Escrow Account*	(38,660)	-
- Cash collateral for SBLC facilities	(97,103)	(130,517)
Cash and cash equivalents per Consolidated Statement of Cash Flows	6,335	22,713

[#] Bank deposits maintained as interest reserves, as required by the Offshore Facility and Onshore Facility agreements.

* On 30 December 2022, the Sponsor placed a margin deposit of RMB200 million (S\$38.7 million) (the **"Margin Deposit"**) in an escrow account of the onshore facility agent under the Existing Onshore Bank Loans. The margin deposit will constitute prepayment in part by the Purchasers to the Vendor of the Equity Consideration pursuant to the Equity Purchase Agreement. On 10 February 2023, S\$24.4 million and US\$2.9 million was used for partial repayment of the existing offshore bank loans, RMB58.6 million (S\$11.3 million) was used for partial repayment of the existing onshore bank loans. The outstanding amount of the margin deposit is RMB1.1 million, which continues to be held in escrow account.

The accompanying notes form an integral part of these condensed interim financial statements.

EC WORLD REAL ESTATE INVESTMENT TRUST
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STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS - GROUP AND ECW
For the six months and twelve months ended 31 December 2022

	<u>Group</u>		<u>ECW</u>	
	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000
OPERATIONS				
Beginning of the period	772,222	852,057	8,462	(5,022)
Total return for the period	33,231	(907)	45	9,956
Distributions to unitholders	(22,279)	(25,814)	(22,279)	(25,814)
Transfer to general reserves	(5,897)	(6,348)	-	-
End of the period	777,277	818,988	(13,772)	(20,880)
GENERAL RESERVES*				
Beginning of the period	27,258	20,907	-	-
Transfer from operations	5,897	6,348	-	-
End of the period	33,155	27,255	-	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the period	(77,627)	(79,247)	(77,627)	(79,247)
Movements during the period				
- Manager's base fees paid in units	-	1,354	-	1,354
End of the period	(77,627)	(77,893)	(77,627)	(77,893)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the period	(43,144)	(40,698)	-	-
Translation differences on consolidation of foreign subsidiaries	(82,667)	24,101	-	-
End of the period	(125,811)	(16,597)	-	-
Total Unitholders' funds at end of the period	606,994	751,753	(91,399)	(98,773)

The accompanying notes form an integral part of these condensed interim financial statements.

EC WORLD REAL ESTATE INVESTMENT TRUST
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STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS - GROUP AND ECW
For the six months and twelve months ended 31 December 2022

	<u>Group</u>		<u>ECW</u>	
	12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000
OPERATIONS				
Beginning of the year	818,988	838,166	(20,880)	(20,321)
Total return for the year	10,110	24,483	53,029	36,754
Distribution to Unitholders	(45,921)	(37,313)	(45,921)	(37,313)
Transfer to general reserves	(5,900)	(6,348)	-	-
End of the year	777,277	818,988	(13,772)	(20,880)
GENERAL RESERVES*				
Beginning of the year	27,255	20,907	-	-
Transfer from operations	5,900	6,348	-	-
End of the year	33,155	27,255	-	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the year	(77,893)	(68,283)	(77,893)	(68,283)
Movements during the year				
- Manager's base fees paid in units	-	2,750	-	2,750
- Distribution to Unitholders	266	(12,360)	266	(12,360)
End of the year	(77,627)	(77,893)	(77,627)	(77,893)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the year	(16,597)	(75,280)	-	-
Translation differences on consolidation of foreign subsidiaries	(109,214)	58,683	-	-
End of the year	(125,811)	(16,597)	-	-
Total Unitholders' funds at end of the year	606,994	751,753	(91,399)	(98,773)

* ECW's subsidiaries incorporated in the People Republic of China are required to transfer 10% of its profits after taxation, as determined under the accounting principles and relevant financial regulations of China, to the general reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to the shareholders. This general reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the shareholders, provided that the balance after such conversion is not less than 25% of the registered capital.

The accompanying notes form an integral part of these condensed interim financial statements.

EC WORLD REAL ESTATE INVESTMENT TRUST
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months and twelve months ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

1. General information

EC World Real Estate Investment Trust (“ECW”) is a Singapore-domiciled Real Estate Investment Trust constituted pursuant to the Trust Deed dated 5 August 2015 (as amended and restated) between EC World Asset Management Pte. Ltd. (the “Manager”) and DBS Trustee Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore.

ECW was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 28 July 2016 (the “Listing Date”) and was approved for inclusion under the Central Provident Fund Investment Scheme.

The principal activity of ECW and its subsidiaries (the “Group”) is to invest, 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 People’s Republic of China (the “PRC”).

2. Basis of preparation

This condensed consolidated interim financial statements for the period ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards 34 Interim Financial Reporting (FRS 34). This condensed interim financial statements do not include all the disclosures included in the Group’s financial report. Accordingly, this report should be read in conjunction with the Group’s Annual Report for the financial year ended 31 December 2021 and any public announcements made by ECW during interim reporting period.

The condensed consolidated interim financial statements are expressed in Singapore Dollars (“S\$” and “SGD”) and has been rounded to the nearest thousand, unless otherwise stated.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months and twelve months ended 31 December 2022

2. Basis of preparation (continued)

New or amended financial reporting standards effective this period

On 1 January 2022, the Group has adopted new or amended FRS and Interpretations of FRS ("**INT FRS**") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and ECW and had no material effect on the amounts reported for the current and prior financial years.

Going concern

As at 31 December 2022, the current liabilities of the Group and ECW exceeded the current assets by S\$228,571,000 and S\$130,987,000 respectively. The Group have borrowings of S\$586,255,000 which are due for repayment within the next 12 months from the reporting date. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and ECW to operate as going concerns. Notwithstanding the above, the condensed interim financial statements are prepared on a going concern basis, as the Manager is in the process of working with lead banks to refinancing the borrowings, and expect that refinancing of these borrowings will be completed before these borrowings become due for repayment.

The validity of the going concern assumption on which these financial statements have been prepared depends on favourable outcome of the negotiations for refinancing of the borrowings. If the Group and ECW are unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts currently stated in the Condensed Interim Statements of Financial Position of the Group and ECW. In addition, the Group and ECW may have to provide for further liabilities which may arise, and to classify the non-current assets as current assets. The accompanying financial statements do not include the effect of any of these adjustments.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months and twelve months ended 31 December 2022

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Fair value estimation of investment properties

The Group carries investment properties at fair value as at balance sheet date. Certain assumptions and estimates are made to determine the fair value of these investment properties. The details of the fair value and estimates used are set out in Note 13.

(b) Income tax

The Group has exposure to taxes mainly in Singapore and China. In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. Significant estimates and assumptions are required to determine the amount of current and deferred tax that can be recognised and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The carrying amounts of current income tax liabilities and deferred income taxes are as disclosed in the statement of financial position.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months and twelve months ended 31 December 2022

4. Segment information

The Group had determined the operating segments based on reports reviewed by Management that are used to make strategic decisions, allocate resources and assess performance. Management comprises the Chief Executive Officer and Chief Financial Officer. Management considers and evaluates the business by the nature of investment properties – port logistics, specialised logistics and E-commerce logistics. These properties are concentrated in one geographical location: People's Republic of China. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property expenses. This is the measure reported to Management for the purpose of assessment of segment performance. In addition, Management monitors the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fee, trust expenses, finance income, finance costs and related assets and liabilities.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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4. Segment information (continued)

Property income and expenses

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000
<u>Group</u>								
Gross revenue	24,201	26,834	6,036	6,368	28,007	30,297	58,244	63,499
Property expenses	(1,854)	(2,060)	(727)	(965)	(2,646)	(3,066)	(5,227)	(6,091)
Net property income	22,347	24,774	5,309	5,403	25,361	27,231	53,017	57,408
Net change in fair value of investment properties	7,029	(16,322)	775	2,533	7,779	(16,001)	15,583	(29,790)
Finance income							946	1,088
Finance costs							(21,804)	(20,169)
Other trust expenses*							(2,949)	(4,138)
Exchange differences							6,712	(529)
Net change in fair value of financial derivatives							(758)	3,370
Total return for the financial period before income tax							50,747	7,240
Income tax expenses							(17,516)	(8,147)
Total return for the financial period after income tax before distribution							33,231	(907)

* Other trust expenses include Manager's fees and Trustee's fees.

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4. Segment information (continued)

Property income and expenses

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>								
Gross revenue	50,676	52,678	12,476	12,967	58,416	59,843	121,568	125,488
Property expenses	(3,351)	(3,616)	(1,410)	(1,679)	(5,851)	(7,168)	(10,612)	(12,463)
Net property income	47,325	49,062	11,066	11,288	52,565	52,675	110,956	113,025
Net change in fair value of investment properties	(12,952)	(16,322)	(13,083)	2,533	(12,824)	(16,001)	(38,859)	(29,790)
Finance income							1,997	2,235
Finance costs							(41,856)	(39,791)
Other trust expenses*							(6,065)	(7,583)
Pre-termination compensation	(4,106)	-	-	-	-	-	(4,106)	-
Exchange differences							4,800	(2,010)
Net change in fair value of financial derivatives							5,820	8,548
Total return for the financial period before income tax							32,687	44,634
Income tax expenses							(22,577)	(20,151)
Total return for the financial period after income tax before distribution							10,110	24,483

* Other trust expenses include Manager's fees and Trustee's fees.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months and twelve months ended 31 December 2022

4. Segment information (continued)

Assets and liabilities

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>								
Segment assets								
- Investment properties	422,746	673,205	265,788	305,000	388,340	695,688	1,076,874	1,673,893
- Trade and other receivables	9,296	11,588	3,256	3,632	801	36,082	13,353	51,302
- Assets of disposal group class as held-for-sale	158,893	-	-	-	301,531	-	460,424	-
Unallocated assets							116,127	170,068
Total assets							1,666,778	1,895,263
Segment liabilities	147,578	198,002	67,261	70,983	69,387	144,963	284,226	413,948
Liabilities associated with disposal group	41,545	-	-	-	127,182	-	168,727	-
Unallocated liabilities								
- Borrowings							593,136	721,493
- Others							13,695	8,069
Total liabilities							1,059,784	1,143,510

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and ECW as at 31 December 2022:

	<u>Group</u>		<u>ECW</u>	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Cash and bank balances	113,330	169,255	1,494	184
Trade and other receivables	13,892	52,115	996	1,103
Derivative financial instruments	1,857	-	-	-
Loans to subsidiaries	-	-	241,556	289,137
	129,079	221,370	244,046	290,424
Financial Liabilities				
Trade and other payables	44,250	103,490	2,820	2,513
Borrowings	593,136	721,493	-	-
Derivative financial instruments	1,099	4,993	-	-
Loans from a subsidiary	-	-	372,420	426,272
	638,485	829,976	375,240	428,785

6. Profit before taxation

6.1 Significant items

	<u>Group</u>			
	6 months ended 31 December 2022	6 months ended 31 December 2021	12 months ended 31 December 2022	12 months ended 31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Income				
Interest income	946	1,088	1,997	2,235
Expenses				
Interest on borrowings	16,869	15,013	31,656	29,629

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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6. Profit before taxation (continued)

6.2 Related party transactions

For the purpose of these condensed interim financial statements, parties are considered to be related to the Group when the Group has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subjected to common significant influence. The Manager and the Property Manager are indirect wholly-owned subsidiaries of the Sponsor.

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	Group 12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000
Property management fees paid/payable	983	1,008	1,990	1,992
Trustee's fees paid/payable	158	174	327	343
Manager's base fees paid/payable	2,253	2,902	4,606	5,567
Manager's performance fees paid/payable	-	532	-	532
Rental and other related income received/receivable from the Sponsor and its subsidiaries	(45,666)	(54,561)	(97,817)	(105,874)
Operating lease commitment where the Group is a lessor	165,278	272,035	165,278	272,035

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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7. Taxation

	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	Group 12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000
Tax expense attributable to profit is made up of:				
- Profit for the financial year:				
Current income tax				
- Foreign	9,365	10,303	20,108	20,566
	9,365	10,303	20,108	20,566
Withholding tax	3,008	722	5,881	2,276
Deferred income tax	5,143	(2,878)	(3,384)	(2,691)
	17,516	8,147	22,605	20,151
- Over provision in prior financial year:				
Current income tax				
- Foreign	-	-	(28)	-
	17,516	8,147	22,577	20,151

8. Earnings per unit

The calculation of basic earnings per Unit is based on:

	6 months ended 31 December 2022 S\$'000	6 months ended 31 December 2021 S\$'000	Group 12 months ended 31 December 2022 S\$'000	12 months ended 31 December 2021 S\$'000
Total return attributable to Unitholders of ECW	33,231	(907)	10,110	24,483
Weighted average number of Units outstanding during the year ('000)	809,838	808,189	809,754	807,265
Basic and diluted earnings per Unit (cents per share)	4.10	(0.11)	1.25	3.03

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no dilutive instruments in issue during the financial period.

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9. Investment properties

	31 December	Group 31 December
	2022	2021
	S\$'000	S\$'000
Beginning of the period	1,673,893	1,623,653
Asset enhancements during the year	351	375
Effect of straight lining of step-up rental	229	1,581
Net fair value changes	(38,859)	(29,790)
Disposal – compulsory expropriation	(21,878)	-
Transfer to disposal group (Note 10)	(392,930)	-
Currency translation differences	(143,932)	78,074
End of the period	1,076,874	1,673,893

All investment properties are mortgaged to secure bank loans (Note 11).

For the financial year results 31 December 2022, the carrying values of the Group's investment properties were based on the independent valuations as at 31 December 2022 conducted by JLL. The valuation methods used by the independent valuers involve certain estimates. The independent valuers are of the view that the valuation techniques and estimates they have employed are reflective of the current market conditions as at 31 December 2022. The Manager has reviewed the appropriateness of the valuation techniques, and assumptions applied by the independent valuers.

10. Disposal group classified as held for sale

On 3 October 2022, the Manager announced that ECW, has on 30 September 2022 entered into an Equity Purchase Agreement with the Purchasers and the Sponsor pursuant to which the ECW will divest its indirect interests in the Divestment Properties.

The entire assets and liabilities related to the Proposed Divestment are presented as a disposal group classified as held-for sale as at 31 December 2022. Details of the assets of disposal group classified as held-for sale and liabilities directly associated with disposal group classified as held-for sale were as follows:

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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10. Disposal group classified as held for sale (continued)

	Disposal Group As at 31 December 2022 S\$'000
<i>Details of the assets of disposal group reclassified as held-for-sale were as follows:</i>	
Cash and bank balances	45,136
Trade and other receivables	22,358
Investment properties	392,930
	<u>460,424</u>
<i>Details of the liabilities directly associated with disposal group reclassified as held-for-sale were as follows:</i>	
Trade and other payables	43,214
Borrowings	51,297
Current income tax liabilities	4,868
Deferred income tax liabilities	69,348
	<u>168,727</u>

On 30 January 2023, Purchasers and the Vendor have entered into a supplementary agreement (the “**Supplemental Agreement**”) to the Equity Purchase Agreement to extend the Long-Stop Date from 31 January 2023 to 28 February 2023 (or such other date as may be determined by the Vendor).

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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11. Borrowings

	Group	
	31 December 2022	31 December 2021
	S\$'000	S\$'000
<i>Current</i>		
Secured bank borrowings		
- Onshore facility	101,512	180,682
- Offshore facility	393,642	415,776
- Revolving credit facilities	89,500	111,850
	584,654	708,308
<i>Non-current</i>		
Secured bank borrowings		
- Onshore facility	8,482	13,185
	8,482	13,185
Total borrowings	593,136	721,493

The maturity of the borrowings are as follows:

	Group	
	31 December 2022	31 December 2021
	S\$'000	S\$'000
Within 1 year	584,654	708,308
After 1 year but within 3 years	3,515	5,074
Over 3 years	4,967	8,111
	593,136	721,493

Measurement of fair value

Onshore and Offshore interest-bearing borrowings are repriced upon revision of People's Bank of China ("PBOC") Lending Base Rate, Loan Prime Rate ("LPR"), SGD SORA and USD SOFR. The carrying amounts of the borrowings as at reporting date approximate to their corresponding fair values.

Onshore facility

ECW has put in place 3-year (originally expiring in end July 2022) RMB1,018.0 million (S\$196.8 million) and 10-year RMB77.0 million (S\$14.9 million) secured term loan facility. The Onshore Borrowers are the Group's subsidiaries namely, Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. And Zhejiang Fuzhou E-Commerce Co., Ltd..

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months and twelve months ended 31 December 2022

11. Borrowings (continued)

Onshore facility (continued)

On 28 June 2022, the Onshore Borrowers entered into an amendment and restatement agreement relating to the Original Onshore Facility Agreement to, *inter alia*, extend the maturity date of the Onshore Facilities (save for a RMB 63,749,144 (S\$12.3 million) portion of the Onshore Facility which will expire in July 2029) to 30 April 2023. Based on the Restated Onshore Facility Agreement, at least 25% of the loans outstanding shall be repaid by 31 December 2022 (the “**Mandatory Onshore Repayment**”). The Mandatory Onshore Repayment deadline has been extended from 31 December 2022 to 28 February 2023 in January 2023.

As at 31 December 2022, the onshore facility is secured by:

- i) a first ranking pledge over the entire issued equity interest of three of the Group’s subsidiaries, Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. and Zhejiang Fuzhou E-Commerce Co., Ltd. Held by Wuhan Fute Logistics Co., Ltd.;
 - ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the “Onshore Guarantors” refer to the Group’s subsidiaries Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd, Zhejiang Fuzhou E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd. And Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd., and an unconditional and irrevocable guarantee from DBS Trustee Limited in its capacity as the Trustee;
 - iii) a first ranking mortgage over the Properties;
 - iv) a pledge of all sales proceeds, rental income and all other revenue derived from the Properties;
 - v) an assignment of all material agreements in relation to the Properties;
 - vi) an assignment of all insurance policies in relation to the Properties with the onshore security agent (being DBS Bank (China) Limited, Hangzhou Branch) named as the first beneficiary;
 - vii) an assignment of all present and future rights and interests of the Onshore Borrowers, Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. in relation to inter-company debts and shareholder’s loans;
 - viii) a subordination deed in relation to the inter-company debts and shareholder’s loans made to the Onshore Borrowers; and
-

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11. Borrowings (continued)

Onshore facility (continued)

As at 31 December 2022, the onshore facility is secured by: (continued)

- ix) any other security as may be reasonably required by the lenders.

The blended all-in interest rate for the quarter and 12 months ended 31 December 2022 was 6.9% and 7.6% respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2022 was 5.5% and 6.4% respectively.

Offshore facility

ECW has put in place 3-year (originally expiring in May 2022) S\$305.6 million and US\$86.8 million (S\$116.7 million) secured term loan facility. The Offshore borrowers are ECW Treasure Pte. Ltd. ("ECWT") and Zhejiang Fuzhou E-commerce Co., Ltd..

On 31 May 2022 the Offshore Borrowers entered into an amendment and restatement agreement relating to the Original Facility Agreement to, *inter alia*, extend the maturity date of the Offshore Facilities to the earlier of (i) the earliest maturity date of the Onshore Facilities and (ii) 30 April 2023. Based on the Restated Offshore Facility Agreement, at least 25% of the loans outstanding shall be repaid by 31 December 2022 (the "**Mandatory Offshore Repayment**", and together with the "**Mandatory Onshore Repayment**", the "**Mandatory Repayment**"). The Mandatory Repayment deadline has been extended from 31 December 2022 to 28 February 2023 in January 2023.

The Offshore facility is secured by:

- (i) An unconditional and irrevocable guarantee from the Singapore Holding Companies, Flutric Investments Limited (the "BVI Holding Company") and the Trustee (in its capacity as trustee of ECW) on a joint and several basis;
- (ii) A charge over the entire issued share capital of each of the Singapore Holding Companies, the BVI Holding Company and ECW Treasure Pte. Ltd. ("**ECWT**");
- (iii) A pledge over the entire issued equity interest of each of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.;
- (iv) A mortgage over each of the Properties and a floating mortgage over the assets of Zhejiang Fuzhou E-commerce Co., Ltd., in each case, securing the term loan facility of S\$39,074,000 and US\$5,840,000; and

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11. Borrowings (continued)

Offshore facility (continued)

The Offshore facility is secured by: (continued)

- (v) A debenture over all the assets of the Trustee (in its capacity as trustee of ECW) relating to and/or in connection with the Properties, and debentures over all of the assets of each of the Singapore Holding Companies and ECWT.

The blended all-in interest rate for the quarter and 12 months ended 31 December 2022 was 6.3% and 5.7% respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2022 was 5.5% and 4.7% respectively.

As at 31 December 2022, S\$300.0 million and US\$86.8 (S\$116.7 million) of the above facility were drawn down and 45% of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps and cross currency swaps.

The Onshore Facility and the Offshore Facility have cross-default provisions, where default of the Offshore Facility shall automatically trigger default of the Onshore Facility and vice versa.

Revolving Credit Facilities

As at 31 December 2022, ECW has uncommitted revolving credit facilities of S\$130,000,000 with United Overseas Bank Ltd ("UOB"), Malayan Banking Berhad ("MBB") and Bank of East Asia Limited, Singapore Branch ("BEA"). ECW had drawn down a total of S\$89,500,000 short-term loan backed by SBLC issued by United Overseas Bank (China) Ltd and Bank of East Asia (China) Limited. SBLC is collateralised against a cash deposit of RMB502,340,000 (S\$97,103,000). The interest rates ranged from 2.96% to 5.55% per annum for the quarter and 1.35% to 5.55% for 12 months ended 31 December 2022.

The blended all-in interest rate of the aggregate facilities for the quarter and 12 months ended 31 December 2022 was 6.2% and 5.8% respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2022 was 5.4% and 4.9% per annum respectively. At the end of the period, the Aggregate Leverage for the Group was 38.8% (31 December 2021: 38.2%) and the interest coverage ratio was 2.68 times (31 December 2021: 2.92 times). Due to the changing global economic conditions, ECW expects the blended interest rates for the Offshore Facilities and Revolving Credit Facilities will increase further due to small portion of offshore loans unhedged.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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11. Borrowings (continued)

Prepayment of loans during the year

Onshore Borrowers have made prepayments to the onshore loans of RMB45.6 million (S\$9.4 million) on 30 June 2022 and RMB3.4 million (S\$0.7 million) on 4 July 2022.

Offshore Borrowers have made prepayments to the offshore loans of SGD15.9 million and USD4.4 million (S\$6.1 million) on 29 July 2022.

Undertaking of Sponsor

In connection with the extension of the Onshore and Offshore Facilities, the Sponsor of EC World REIT has provided undertakings that it will:

- a) procure that the exercise of refinancing of the Onshore and Offshore Facilities is commenced immediately; and
- b) by 31 December 2022, ensure that at least 25% of the aggregate principal amount of the outstanding Facilities are repaid whether by acquisition of asset(s) of EC World REIT and/or its subsidiaries or otherwise.

The Mandatory Repayment (the “**Repayment Plan**”) has not been made by the deadline of 31 December 2022. However, in January 2023 all the lenders have approved the revised Repayment Plan to extend the Mandatory Repayment deadline from 31 December 2022 to 28 February 2023. The Sponsor demonstrated its support for EC World REIT by working closely together with the Manager to engage the Lenders and arrive at a Repayment Plan which the lenders are agreeable to and by procuring the fulfilment of certain conditions under the Repayment Plan, such as by placing the Margin Deposit of RMB200 million (S\$38.7 million) on 30 December 2022 in the escrow account of the onshore facility agent under the Existing Onshore Bank Loans and by paying S\$4,400,000 to the Lenders as partial repayment of the Existing Offshore Bank Loans on 6 January 2023.

On 10 February 2023, RMB198.9 million out of the Margin Deposit was utilised to settle: 1) S\$24.4 million and US\$2.9 (S\$4.0 million) of the existing offshore bank loans, and 2) RMB58.6 million (S\$11.3 million) of the existing onshore bank loans. The outstanding amount of the margin deposit of RMB1.1 million (S\$0.2 million) continues to be held in the escrow account.

Update of Refinancing

The Manager is in the process of working with the Sponsor and existing lenders to repay the remaining Mandatory Repayment amount as well as to refinance the the balancing onshore and offshore facilities, and expect that the repayment and/or refinancing of these borrowings will be completed before these borrowings become due for repayment.

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12. Units in issue

	<u>Group and ECW</u>	
	31 December 2022	31 December 2021
	No. of Units '000	No. of Units '000
<i>Units in issue</i>		
Beginning of the period	809,492	805,444
Issue of Units:		
- Manager's base fees paid in Units	-	3,648
- Manager's performance fees payable in Units	346	-
End of the period	809,838	809,492
<i>Units to be issued</i>		
- Manager's performance fees payable in Units	-	346
Total issued and to be issued Units	809,838	809,838

During the period, ECW issued 346,736 new Units (31 December 2021: 3,647,530 new Units), in respect of the payment of management fees in Units. The issue price was determined based on the volume-weighted average price for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant quarter on which the fees accrued.

13. Fair value measurement

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction other than in a forced or liquidation sale.

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between Levels 1 and 2 during the period.

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13. Fair value measurement (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. The fair value of interest rate swaps and cross currency interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves. These investments are classified as Level 2 which comprise derivative financial instruments. In frequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The table below presents financial assets and liabilities measured and carried at fair value and classified by the following level of fair value measurement hierarchy:

<u>Group</u>	<u>Fair value</u>			<u>Total</u> S\$'000
	<u>Level 1</u> S\$'000	<u>Level 2</u> S\$'000	<u>Level 3</u> S\$'000	
31 December 2022				
Financial assets				
Derivative financial instruments	-	1,857	-	1,857
Financial liabilities				
Derivative financial instruments	-	(1,099)	-	(1,099)
Non-financial assets				
Investment properties	-	-	1,076,874	1,076,874
Investment properties (held-for-sale)	-	-	392,930	392,930
31 December 2021				
Financial assets				
Derivative financial instruments	-	-	-	-
Financial liabilities				
Derivative financial instruments	-	(4,993)	-	(4,993)
Non-financial assets				
Investment properties	-	-	1,673,893	1,673,893

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14. Events occurring after reporting date

In addition to the information disclosed elsewhere in these financial statements, the following are the events occurring after 31 December 2022.

On 23 February 2023, the Manager announced a distribution of 0.628 cents per unit for the period from 1 October 2022 to 31 December 2022.

**ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING
RULE APPENDIX 7.2**

For the twelve months ended 31 December 2022

The condensed consolidated statement of financial position of ECW and its subsidiaries as at 31 December 2022 and the related condensed consolidated statement of total return and other comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movements in Unitholder's funds for the six months and twelve months period then ended and certain explanatory notes have not been audited or reviewed.

1. Review of the Performance

(i) Review of performance for the quarter ended 31 December 2022

Gross revenue of S\$28.4 million was 3.5 million or 11% lower compared to 4Q2021. Net property income ("NPI") of S\$26 million was S\$2.8 million or 9.9% lower compared to 4Q2021. In RMB terms, the gross revenue was 3.2% lower and NPI was 1.9% lower compared to 4Q2021. After straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, gross revenue in RMB terms was 2% lower compared to 4Q2021, mainly due to absence of rental income from Fu Zhuo Industrial as a result of Compulsory Expropriation and lower late fee income offset by organic rental escalations. NPI in RMB terms was 0.5% lower, mainly due to lower gross revenue offset by refund of land used taxes in Dec'22.

Finance costs of S\$11.2 million were S\$1 million or 10.2% higher compared to 4Q2021 mainly due to higher interest rate in the quarter compared to 4Q2021.

Distribution to Unitholders of S\$5.1 million represents S\$7.4 million or 59.1% decrease compared to 4Q2021 mainly due to 10% distributable income for FY2022 retained in 4Q2022, absence of rental income from Fu Zhuo Industrial, higher withholding tax paid for repatriation of funds and higher interest cost.

(ii) Review of performance for the 12 months ended 31 December 2022

Gross revenue of S\$121.6 million was S\$3.9 million or 3.1% lower compared to FY2021. Net property income ("NPI") of S\$111.0 million was S\$2.1 million or 1.8% lower compared to FY2021. In RMB terms, the gross revenue was 1.7% lower and NPI was 0.4% lower compared to FY2021. After straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, the gross revenue in RMB terms was 0.6% lower compared to FY2021, mainly due to absence of rental income from Fu Zhuo Industrial as a result of Compulsory Expropriation and lower Late Fee income offset by organic rental escalations. NPI in RMB terms was 0.8% higher compared to FY2021, mainly due to lower operating expenses at the Properties, refund of land used taxes in Dec'22, offset by lower gross revenue.

Finance costs of S\$41.9 million were S\$2.1 million or 5.2% higher compared to FY2021 mainly due to higher interest rate in the financial year compared to FY2021.

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Distribution to Unitholders of S\$38.6 million represents S\$12.1 million or 23.8% decrease compared to FY2021 mainly due to higher retention of the distributable income for FY2022 for loan repayment, refinancing related costs and general working capital purpose, absence of rental income from Fu Zhuo Industrial, provision for Pre-Termination Compensation made to the third-party tenant at Fu Zhuo Industrial as a result of Compulsory Expropriation, payment of 100% of Management Fees in the form of cash as compared to 50% in the form of units for the first three quarters in FY2021, higher withholding tax paid for repatriation of funds and higher interest cost.

2. Variance between the forecast

ECW did not disclose any financial forecast to the market.

3. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting and the next 12 months

China recorded a slower GDP growth of 3% for full year 2022, down from 8.1% a year ago. During FY2022, although there were outperformers as online retail sales and in particular, online retail sales of physical goods remained robust, riding on the strength of higher household disposable income to grow by 4% and 6.2% respectively¹, China's economy faced disruptions due to recurrent outbreaks and lockdowns imposed across cities, as well as persistent stress in its real estate sector². According to S&P Global, online penetration is expected to pull back after a strong uptick during the pandemic while brick-and-mortar retail is likely to outpace in 2023, amid increased mobility from reopening of the economy³.

IMF has recently raised its forecast for China GDP's growth in 2023 to 5.2%, from its previous 4.4% projection⁴. While an improving economic recovery could be expected in 2023, alongside improving business and consumer confidence, concerns remain including headwinds in its domestic property market and geopolitical tensions which could further depress export demand⁵.

¹ http://www.stats.gov.cn/english/PressRelease/202301/t20230117_1892094.html

² <https://www.worldbank.org/en/country/china/publication/china-economic-update-december-2022#:~:text=Activity%20in%20China%20has%20followed,a%20reopening%20of%20the%20economy.>

³ <https://www.spglobal.com/ratings/en/research/articles/230109-china-retail-outlook-2023-more-bricks-fewer-clicks-12599181>

⁴ <https://www.globaltimes.cn/page/202302/1284812.shtml>

⁵ <https://www.fitchratings.com/research/sovereigns/china-2023-growth-forecast-revised-up-to-5-08-02-2023>

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Globally, growth is expected to continue, albeit at a slower rate of 2.9%, according to IMF. A further rise in inflation and additional tightening of monetary policy will put pressure on borrowing costs, and weigh on ECW's income and distributions. The Manager will closely monitor the interest rate environment and will seek to strike a capital balance and reduce risks.

4. Distribution

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 October 2022 to 31 December 2022

Distribution types: Tax-exempt distribution

Distribution rate: 0.628 cents per unit

Tax rate: Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

Remarks: The distribution to Unitholders is based on 90% of the distributable income for the period from 1 October 2022 to 31 December 2022.

(b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediate preceding financial period?

Yes. A tax-exempt distribution of 1.537 cents per unit was declared for the period from 1 October 2021 to 31 December 2021.

(c) Date Payable (est.) 29 March 2023

(d) Record Date 15 March 2023

5. If no distribution has been declared/(recommended), a statement to that effect and the reason(s) for the decision.

A distribution has been declared for the period from 1 October 2022 to 31 December 2022.

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For the twelve months ended 31 December 2022

- 6. If the Group has obtained a general mandate from Unitholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.**

ECW does not have a general mandate from Unitholders for interested person transactions.

7. Status of Master lease agreements

Property	Commence date	Remaining term (Years)	Gross revenue received from 1.1.22 to 31.12.22
			(Inclusive of VAT) (RMB'000)
Chongxian Port Investment	1 January 2021	2.0	169,833
The Stage 1 Properties of Bei Gang Logistics	1 November 2020	1.8	131,204
Fu Heng Warehouse	1 January 2021	2.0	51,042
Fuzhou Ecommerce	8 August 2019	1.6	90,718

8. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of EC World Asset Management Pte Ltd (the “Company”), as manager of ECW, confirms that there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or Chief Executive Officer or substantial unitholders of ECW.

9. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

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For the twelve months ended 31 December 2022

10. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The Manager hereby certifies that in relation to the distribution to the Unitholders for the quarter ended 31 December 2022:

- (a) ECW will declare a distribution which is classified as tax-exempt from a tax perspective, being derived from the consolidated net profit after tax of ECW and its subsidiaries for the financial period, as adjusted to eliminate the effects of adjustments as listed in the Condensed Interim Consolidated Distribution Statement.

ECW's distribution policy is to distribute 100% of ECW's distributable income for the period from the Listing Date to 31 December 2017. Thereafter, ECW will distribute at least 90% of its distributable income for each financial year. The actual distribution will be determined at the Manager's discretion. For 4Q2022, the Manager has resolved to distribute 90% of the total amount available for distribution to Unitholders.

- (b) The Manager is satisfied on reasonable ground that, immediate after making the distributions, ECW will be able to fulfil, from its deposited properties, its liabilities as they fall due.

On behalf of the Board of Directors of
EC World Asset Management Pte. Ltd.
(as Manager of EC World Real Estate Investment Trust)

Zhang Guobiao
Chairman and Non-Executive Director

Goh Toh Sim
Executive Director and Chief Executive
Officer

EC WORLD REAL ESTATE INVESTMENT TRUST
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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 ECW), 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 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 ECW. The forecast financial performance of ECW 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.

FOR AND ON BEHALF OF THE BOARD OF
EC WORLD ASSET MANAGEMENT PTE. LTD.
AS MANAGER OF EC WORLD REAL ESTATE INVESTMENT TRUST
(Company Registration No. 201523015N)

Goh Toh Sim
Executive Director and Chief Executive Officer
23 February 2023