

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

CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2021

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For the six months ended 30 June 2021

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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 eight 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 960,461 square meters. The Properties are:

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

Summary Results of ECW

		Group					
		1.4.21 to 30.6.21	1.4.20 to 30.6.20	Change	1.1.21 to 30.6.21	1.1.20 to 30.6.20	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(1)	31,187	28,205	10.6	61,989	51,739	19.8
Net property income	(1)	27,938	25,835	8.1	55,617	46,973	18.4
Distribution to Unitholders		12,375	11,142	11.1	24,736	20,440	21.0
Distribution per unit ("DPU") (cents)	(2)	1.532	1.386	10.5	3.064	2.544	20.4
Annualised distribution yield (%)							
- Based on share price of S\$0.815 per unit as at 30 June 2021		7.54	8.08	(6.7)	7.58	7.41	2.3

Notes:

- (1) The increase in gross revenue and net property income in 2Q2021 was mainly due to positive straight-line adjustments and strengthening of RMB by 3.6% year-on-year. 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\$29.9 million and S\$26.7 million respectively in 2Q2021 (2Q2020: S\$28.4 million and S\$26.0 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. The Manager will determine at a later stage whether it will change the frequency of distributions.

For 2Q2021, 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 in 2Q2021 and pay out distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) of S\$2.0 million. Please refer to the Condensed Consolidated Distribution Statement. The next distribution for the period from 1 April 2021 to 30 June 2021 will be made on or around 28 September 2021.

Distribution and Record Date

Distribution	1 April 2021 to 30 June 2021
Distribution type	Tax-exempt distribution
Distribution rate	1.532 cents
Record date	14 September 2021
Payment date (est)	28 September 2021

EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED CONSOLIDATED STATEMENT OF TOTAL RETURN
For the six months ended 30 June 2021

	Note	6 months ended 30 June 2021 S\$'000	Group 6 months ended 30 June 2020 S\$'000	Change %	Remark
Gross revenue		61,989	51,739	19.8	(1)
Property expenses		(6,372)	(4,766)	33.7	(2)
Net property income		55,617	46,973	18.4	
Finance income		1,147	709	61.8	
Finance costs		(19,622)	(19,487)	0.7	
Manager's base fees		(2,665)	(2,334)	14.2	(3)
Trustee's fees		(169)	(163)	3.7	
Exchange differences		(1,481)	(2,403)	(38.4)	(4)
Other trust expenses		(611)	(781)	(21.8)	(5)
Net income		32,216	22,514	43.1	
Net change in fair value of financial derivatives		5,178	(4,650)	N/M	(6)
Total return for the period before income tax		37,394	17,864	>100	
Income tax expenses	7	(12,004)	(8,424)	42.5	
Total return for the period after income tax before distribution		25,390	9,440	>100	
Earnings per unit (cents)					
- Basic and diluted	8	3.15	1.18	>100	(7)

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

EC WORLD REAL ESTATE INVESTMENT TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

CONDENSED CONSOLIDATED STATEMENT OF TOTAL RETURN

For the six months ended 30 June 2021

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) 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 agreed to receive 50% of its base fee in the form of units for the year from 1 January 2021 to 31 December 2021.

- (4) Foreign exchange loss arises mainly from revaluation of loans in foreign currency.
- (5) Other trust expenses include professional fees and other non-property related expenses.
- (6) 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.
- (7) 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 30 June 2021	6 months ended 30 June 2020
Weighted average number of units as at end of period	806,326,630	802,071,746
Earnings per unit ("EPU") – Basic and Diluted (cents)	<u>3.15</u>	<u>1.18</u>

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

EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 S\$'000	Group 31 December 2020 S\$'000	Change %	30 June 2021 S\$'000	ECW 31 December 2020 S\$'000	Change %	Remark
ASSETS								
Current assets								
Cash and bank balances		154,905	151,692	2.1	6,685	1,310	>100	(1)
Trade and other receivables		51,994	40,303	29.0	1,059	965	9.7	(2)
Derivative financial instruments		1	6	(83.3)	1	6	(83.3)	(3)
Loans to subsidiaries		-	-	N/M	288,880	288,095	0.3	
		<u>206,900</u>	<u>192,001</u>	7.8	<u>296,625</u>	<u>290,376</u>	2.2	
Non-current assets								
Investment properties	9	1,670,937	1,623,653	2.9	-	-	N/M	(4)
Investments in subsidiaries		-	-	N/M	39,588	39,588	-	
		<u>1,670,937</u>	<u>1,623,653</u>	2.9	<u>39,588</u>	<u>39,588</u>	-	
Total assets		<u>1,877,837</u>	<u>1,815,654</u>	3.4	<u>336,213</u>	<u>329,964</u>	1.9	
LIABILITIES								
Current liabilities								
Trade and other payables		30,914	30,028	3.0	1,715	1,848	(7.2)	
Loans from a subsidiary		-	-	N/M	418,767	416,720	0.5	
Borrowings	10	514,798	91,047	>100	-	-	N/M	(5)
Derivative financial instruments		8,346	13,506	(38.2)	-	-	N/M	(3)
Current income tax liabilities		20,888	19,666	6.2	-	-	N/M	
		<u>574,946</u>	<u>154,247</u>	>100	<u>420,482</u>	<u>418,568</u>	0.5	
Non-current liabilities								
Trade and other payables		68,904	67,035	2.8	-	-	N/M	
Borrowings	10	186,532	592,784	(68.5)	-	-	N/M	(5)
Deferred income tax liabilities		293,444	285,084	2.9	-	-	N/M	(6)
Government grant		992	994	(0.2)	-	-	N/M	
		<u>549,872</u>	<u>945,897</u>	(41.9)	<u>-</u>	<u>-</u>	N/M	
Total liabilities		<u>1,124,818</u>	<u>1,100,144</u>	2.2	<u>420,482</u>	<u>418,568</u>	0.5	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS								
		<u>753,019</u>	<u>715,510</u>	5.2	<u>(84,269)</u>	<u>(88,604)</u>	(4.9)	
Represented by: UNITHOLDERS' FUNDS		<u>753,019</u>	<u>715,510</u>	5.2	<u>(84,269)</u>	<u>(88,604)</u>	(4.9)	(7)
UNITS IN ISSUE ('000)	11	807,797	805,844	0.2	807,797	805,844	0.2	
NET ASSET VALUE PER UNIT (S\$)		<u>0.93</u>	<u>0.89</u>	4.5	<u>(0.10)</u>	<u>(0.11)</u>	(9.1)	

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EC WORLD REAL ESTATE INVESTMENT TRUST

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CONDENSED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

Remarks:

- (1) Includes RMB195.1 million (S\$40.6 million) cash security deposits received from the master leases and cash deposits of RMB598.8 million (S\$124.7 million) placed as collateral for standby letter of credit (“SBLC”) issuance. Deposits were placed with Malayan Banking Berhad Shanghai Branch, United Overseas Bank (China) Limited and Bank of East Asia (China) Limited which have good credit rating.
- (2) Increase in trade and other receivables is mainly due to appreciation of RMB and increase in rent and late rental payment penalty (“Late Fees”) receivables of \$9.9m. Rent receivables under master lease agreement overdue is subjected to a late payment interest of 0.03% per day and \$0.2m Late Fees accrued as at 30 June 2021 was received in July 2021.
- (3) This relates to the fair values of the derivative financial instruments entered into to hedge the various risks of ECW. As at 30 June 2021, 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); and
 - (c) Currency options contracts (to hedge the expected income repatriation from China to Singapore).
- (4) Represents the carrying values of the investment properties, including asset enhancement initiatives, effective rental adjustments and translation differences. The investment properties are pledged as security for the borrowings of ECW and its subsidiaries (collectively, the “Group”). The increase in carrying amount of investment properties was mainly due to strengthening of RMB against SGD. In view of the COVID-19 situation, the Board and Management expect variations in the asset valuation of the Properties.
- (5) Consists of term loan facilities drawn down in 3Q2019 and revolving credit facilities. During the six months ended 30 June 2021, S\$411.2 million of loan facilities due in May 2022 were reclassified from non-current liabilities to current liabilities.
- (6) Relates mainly to the deferred tax liability arising from the fair valuation of investment properties.
- (7) Please refer to Condensed Statements of Movements in Unitholders’ Funds for details.
- (8) As at 30 June 2021, the current liabilities of the Group and ECW exceeded the current assets by S\$368,046,000 and S\$123,857,000 respectively. The Group have borrowings of S\$518,167,000 which are due for repayment within the next 12 months from the reporting date. Notwithstanding, the condensed interim financial statements are prepared on a going concern basis, as the Manager is confident that the outcome of negotiations with the financial institutions to refinance the borrowings will be favourable and will be completed before these borrowings become due for repayment.

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

EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED CONSOLIDATED DISTRIBUTION STATEMENT
For the six months ended 30 June 2021

	6 months ended 30 June 2021 S\$'000	<u>Group</u> 6 months ended 30 June 2020 S\$'000
Total return for the period	25,390	9,440
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments		
- Straight lining of step-up rental	(747)	1,889
- Security deposits accretion	(51)	(165)
- Manager's base fees paid/payable in units	1,332	1,167
- Trustee's fees	169	163
- Deferred tax charge/(credit), net	187	(479)
- Net change in fair value of financial derivatives	(5,178)	4,650
- Amortisation of upfront debt issuance costs	2,821	2,865
- Foreign exchange loss, net (unrealised)	1,395	2,341
- Provision of real estate tax	-	293
	(72)	12,724
Amount available for distribution	25,318	22,164
Distribution to Unitholders	24,736	20,440
Number of units entitled to distribution	807,796,799	802,943,591
Distribution per Unit (cents)	3.064	2.544
Annualised Distribution per Unit (cents)	6.179	5.116

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

		Group		
	Note	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	Remark
Cash flows from operating activities				
Total return for the period		25,390	9,440	
Adjustments for:				
- Income tax expenses	7	12,004	8,424	
- Finance income		(1,147)	(709)	
- Finance costs		19,622	19,487	
- Effect of straight lining of step-up rental		(747)	1,889	
- Effect of security deposits accretion		(1,561)	(1,553)	
- Fair value (gain)/loss on derivative financial instruments		(5,178)	4,650	
- Manager's base fees payable in units		1,332	1,167	
- Foreign exchange loss, net (unrealised)		1,395	2,341	
Operating cash flow before working capital change		51,110	45,136	
Change in working capital:				
Trade and other receivables		(10,596)	(19,348)	
Trade and other payables		(132)	(767)	
Cash generated from operating activities		40,382	25,021	
Interest received		1,147	709	
Income tax paid (net)		(11,127)	(10,321)	
Net cash generated from operating activities		30,402	15,409	
Cash flows from financing activities				
Repayment of borrowings		(30,606)	(4,507)	(1)
Distribution to Unitholders		(23,859)	(21,396)	
Proceeds from borrowings		38,000	22,299	(1)
Interest paid		(14,599)	(14,292)	
SBLC commission paid		(194)	(109)	
Placements of deposits for SBLC facilities		(23,539)	(22,833)	(1)
Net cash used in financing activities		(54,797)	(40,838)	
Net decrease in cash and cash equivalents		(24,395)	(25,429)	
Cash and cash equivalents at beginning of the period		38,037	34,697	
Effects of exchange rate changes on cash and cash equivalents		725	950	
Cash and cash equivalents at the end of the period		14,367	10,218	(2)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

Remarks:

- (1) Refer to Note 10 for details.
- (2) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<u>Group</u>	
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
Cash and cash equivalents (as per Statement of Financial position)	154,905	119,337
Less:		
- Interest reserves [#]	(15,865)	(15,565)
- Cash collateral for SBLC facilities	(124,673)	(93,554)
Cash and cash equivalents per Consolidated Statement of Cash Flows	14,367	10,218

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

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the six months ended 30 June 2021

	Group		ECW	
	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000
OPERATIONS				
Beginning of the period	838,166	850,259	(20,321)	(31,166)
Total return for the period	25,390	9,440	26,798	8,693
End of the period	863,556	859,699	6,477	(22,473)
GENERAL RESERVES*				
Beginning of the period	20,907	15,709	-	-
End of the period	20,907	15,709	-	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the period	(68,283)	(49,974)	(68,283)	(49,974)
Movements during the period				
- Manager's base fees paid in units	1,396	1,790	1,396	1,790
Distribution to Unitholders	(23,859)	(21,396)	(23,859)	(21,396)
End of the period	(90,746)	(69,580)	(90,746)	(69,580)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the period	(75,280)	(132,069)	-	-
Translation differences relating to financial statements of foreign subsidiaries	34,582	22,073	-	-
End of the period	(40,698)	(109,996)	-	-
Total Unitholders' funds at end of the period	753,019	695,832	(84,269)	(92,053)

* 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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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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 half year ended 30 June 2021 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 2020 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.

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.

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 12.

EC WORLD REAL ESTATE INVESTMENT TRUST

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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

For the six months ended 30 June 2021

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 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000
<u>Group</u>								
Gross revenue	25,844	20,169	6,599	6,978	29,546	24,592	61,989	51,739
Property expenses	(1,556)	(1,521)	(714)	(691)	(4,102)	(2,554)	(6,372)	(4,766)
Net property income	24,288	18,648	5,885	6,287	25,444	22,038	55,617	46,973
Finance income							1,147	709
Finance costs							(19,622)	(19,487)
Other trust expenses*							(3,445)	(3,278)
Exchange differences							(1,481)	(2,403)
Net change in fair value of financial derivatives							5,178	(4,650)
Total return for the financial period before income tax							37,394	17,864
Income tax expenses							(12,004)	(8,424)
Total return for the financial period after income tax before distribution							25,390	9,440

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

EC WORLD REAL ESTATE INVESTMENT TRUST*(Constituted under a Trust Deed in the Republic of Singapore)***NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS***For the six months ended 30 June 2021***4. Segment information (continued)****Assets and liabilities**

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	30 June 2021 S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000	31 December 2020 S\$'000
<u>Group</u>								
Segment assets								
- Investment properties	676,063	656,990	296,893	288,622	697,981	678,041	1,670,937	1,623,653
- Trade and other receivables	14,626	7,066	774	411	35,698	32,078	51,098	39,555
Unallocated assets							155,802	152,446
Total assets							1,877,837	1,815,654
Segment liabilities	194,764	186,281	69,525	66,536	147,960	143,838	412,249	396,655
Unallocated liabilities							701,330	683,831
- Borrowings							11,239	19,658
- Others								
Total liabilities							1,124,818	1,100,144

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 30 June 2021 and 31 December 2020:

	<u>Group</u>		<u>ECW</u>	
	30 June 2021 S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000	31 December 2020 S\$'000
Financial Assets				
Cash and bank balances	154,905	151,692	6,685	1,310
Trade and other receivables	51,994	40,303	1,059	965
Derivative financial instruments	1	6	1	6
Loans to subsidiaries	-	-	288,880	288,095
	206,900	192,001	296,625	290,376
Financial Liabilities				
Trade and other payables	99,818	97,063	1,715	1,848
Borrowings	701,330	683,831	-	-
Derivative financial instruments	8,346	13,506	-	-
Loans from a subsidiary	-	-	418,767	416,720
	809,494	794,400	420,482	418,568

6. Profit before taxation

6.1 Significant items

	<u>Group</u>	
	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000
Income		
Interest income	1,147	709
Expenses		
Interest on borrowings	14,616	14,835

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 Forchn Holdings Group Co., Ltd..

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6. Profit before taxation (continued)

6.2 Related party transactions (continued)

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:

	<u>Group</u>	
	30 June	31 December
	2021	2020
	S\$'000	S\$'000
Property management fees paid/payable	984	1,861
Trustee's fees paid/payable	169	331
Manager's base fees paid/payable	2,665	4,972
Rental and other related income received/receivable from related parties	(51,313)	(93,920)
Operating lease commitment where the Group is a lessor	315,641	342,726

7. Taxation

	<u>Group</u>	
	6 months	6 months
	ended 30	ended 30
	June 2021	June 2020
	S\$'000	S\$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial period:		
Current income tax		
- Foreign	10,263	8,371
	10,263	8,371
Withholding tax	1,554	531
Deferred income tax	187	(478)
	12,004	8,424

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8. Earnings per unit

The calculation of basic earnings per Unit is based on:

	<u>Group</u>	
	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000
Total return attributable to Unitholders of ECW	25,390	9,440
Weighted average number of Units outstanding during the period	807,797	802,072
Basic and diluted earnings per Unit (cents per share)	3.15	1.18

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.

9. Investment properties

	<u>Group</u>	
	30 June 2021 S\$'000	31 December 2020 S\$'000
Beginning of the period	1,623,653	1,567,586
Effect of straight lining of step-up rental	(747)	(2,967)
Fair value changes	-	(10,594)
Disposals during the period	-	(974)
Adjustments for finalised construction costs	-	(5,019)
Currency translation differences	48,031	75,621
End of the period	1,670,937	1,623,653

All investment properties are mortgaged to secure bank loans (Note 10).

For the unaudited half year results for the period ended 30 June 2021, the carrying value of the Group's investment properties was based on the independent valuations as at 31 December 2020. The valuations are based on the information available as at the date of valuation. Certain valuation reports have highlighted that with the uncertainty of COVID-19 outbreak, values may change more rapidly and significantly than during normal market conditions.

As at 30 June 2021, management conducted an internal assessment of the valuation of the investment properties, including considering any significant changes in operating performance of the properties, and movement in market data such as discount rates and capitalisation rates. Based on the assessment, management is of the view that the fair value of the investment properties has not materially changed from 31 December 2020 valuation.

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10. Borrowings

	30 June	Group
	2021	31 December
	S\$'000	2020
		S\$'000
<i>Current</i>		
Secured bank borrowings		
- Onshore facility	5,633	5,397
- Offshore facility	413,315	-
- Revolving credit facilities	95,850	85,650
	514,798	91,047
<i>Non-current</i>		
Secured bank borrowings		
- Onshore facility	186,532	183,177
- Offshore facility	-	409,607
	186,532	592,784
Total borrowings	701,330	683,831

The maturity of the borrowings are as follows:

	30 June	Group
	2021	31 December
	S\$'000	2020
		S\$'000
Within 1 year	514,798	91,047
After 1 year but within 3 years	177,624	583,205
Over 3 years	8,908	9,579
	701,330	683,831

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 SOR and USD LIBOR. 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 RMB1,018.0 million (S\$211.9 million) and 10-year RMB77.0 million (S\$16.0 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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10. Borrowings (continued)

Onshore facility (continued)

As at 30 June 2021, the onshore facility is secured by:

- (i) a first ranking pledge over the entire issued equity interest of two of the Group's subsidiaries, Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. and a first ranking pledge over 65.98% equity interests of 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 Zhuo Industrial Co., Ltd., 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 Zhuo Industrial Co., Ltd., 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
- (ix) any other security as may be reasonably required by the lenders.

The blended all-in interest rate for the quarter and 6 months ended 30 June 2021 was 6.8%. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2021 was 5.8%.

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10. Borrowings (continued)

Offshore facility

ECW has put in place 3-year S\$305.6 million and US\$86.8 million (S\$116.7 million) secured term loan facility. The borrowers are ECW Treasure Pte. Ltd. (“ECWT”) and Zhejiang Fuzhou E-commerce Co., Ltd.. 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 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 Zhuo Industrial 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
- (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 6 months ended 30 June 2021 was 5.0%. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2021 was 4.1%. As at 30 June 2021, S\$300.0 million and US\$86.8 (S\$116.7 million) of the above facility were drawn down and 100% 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.

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10. Borrowings (continued)

Revolving Credit Facilities

As at 30 June 2021, 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\$95,850,000 short-term loan backed by SBLC issued by United Overseas Bank (China) Ltd, Malayan Banking Berhad Shanghai Branch and Bank of East Asia (China) Limited. SBLC is collateralised against a cash deposit of RMB598,810,000 (S\$124,672,000). The interest rates ranged from 1.2% to 1.7% per annum for the quarter and 6 months ended 30 June 2021.

The blended all-in interest rate of the aggregate facilities for the quarter and 6 months ended 30 June 2021 was 5.0%. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2021 was 4.2% per annum. At the end of the period, the Aggregate Leverage for the Group was 37.6% (31 December 2020: 38.1%) and the interest coverage ratio was 2.86 times (31 December 2020: 2.62 times).

11. Units in issue

	<u>Group and ECW</u>	
	30 June 2021	30 June 2020
	No. of Units '000	No. of Units '000
<i>Units in issue</i>		
Beginning of the period	805,844	801,206
Issue of Units:		
- Manager’s base fees paid in Units	1,953	2,737
End of the period	807,797	803,943
<i>Units to be issued</i>		
- Manager’s base fees payable in Units for 1 April 2021 to 30 June 2021	755	-
- Manager’s base fees payable in Units for 1 April 2020 to 30 June 2020	-	940
Total issued and to be issued Units	808,552	804,883

During the period, ECW issued 1,952,818 new Units (2020: 2,737,355 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.

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12. 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.

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.

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12. Fair value measurement (continued)

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> <u>S\$'000</u>
	<u>Level 1</u> <u>S\$'000</u>	<u>Level 2</u> <u>S\$'000</u>	<u>Level 3</u> <u>S\$'000</u>	
30 June 2021				
Financial assets				
Derivative financial instruments	-	1	-	1
Financial liabilities				
Derivative financial instruments	-	(8,346)	-	(8,346)
Non-financial assets				
Investment properties	-	-	1,670,937	1,670,937
31 December 2020				
Financial assets				
Derivative financial instruments	-	6	-	6
Financial liabilities				
Derivative financial instruments	-	(13,506)	-	(13,506)
Non-financial assets				
Investment properties	-	-	1,623,653	1,623,653

13. Events occurring after Statements of Financial Position date

The Manager announced a distribution of 1.532 cents per unit for the period from 1 April 2021 to 30 June 2021.

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ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

For the six months ended 30 June 2021

The condensed consolidated statement of financial position of ECW and its subsidiaries as at 30 June 2021 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-month 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 30 June 2021

Gross revenue of S\$31.2 million was S\$3.0 million or 10.6% higher compared to 2Q2020. Net property income ("NPI") of S\$27.9 million was S\$2.1 million or 8.1% higher compared to 2Q2020. In RMB terms, the gross revenue and NPI were 6.9% and 4.5% higher respectively compared to 2Q2020. After straight-line, security deposit accretion and other relevant distribution adjustments, gross revenue in RMB terms was 1.9% higher compared to 2Q2020, mainly due to organic rental escalations and Late Fee income. NPI in RMB terms was 1.0% lower, mainly due higher operating expenses at the Properties.

Finance costs of S\$9.9 million were S\$0.2 million or 1.7% higher compared to 2Q2020 mainly due to higher option premium expenses to hedge the expected income repatriation from China to Singapore.

Distribution to Unitholders of S\$12.4 million represents S\$1.2 million or 11.1% increase compared to 2Q2020 mainly due to payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial).

(ii) Review of performance for the 6 months ended 30 June 2021

Gross revenue of S\$62.0 million was S\$10.3 million or 19.8% higher compared to 1H2020. Net property income ("NPI") of S\$55.6 million was S\$8.6 million or 18.4% higher compared to 1H2020. In RMB terms, the gross revenue and NPI were 15.6% and 14.3% higher respectively compared to 1H2020. After straight-line, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms were 10.6% and 8.1% higher respectively compared to 1H2020, mainly due to one-off rental rebates given to tenants in 1H2020 in efforts to mitigate the adverse impact of the COVID-19 situation on tenants' operations.

Finance costs of S\$19.6 million were consistent with 1H2020.

Distribution to Unitholders of S\$24.7 million represents S\$4.3 million or 21.0% increase compared to 1H2020 mainly due to absence of rental rebates given in 1Q2020 and payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial).

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

For the six months ended 30 June 2021

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 reported a gross domestic product (GDP) growth of 7.9% for the second quarter of 2021 compared to a year ago. For the first half of 2021, China GDP grew 12.7% to RMB 53,216.7 billion¹.

Total retail sales in China amounted to RMB 21,190.4 billion yuan for the first six months of 2021, an increase of 23.0% year-on-year. Online retail sales grew 23.2% to RMB 6,113.3 billion during the same period². The National Bureau of Statistics of China noted that there are still multiple challenges for the rest of the year mainly due to uncertainties from the global spread of COVID-19 as well as the unbalanced domestic recovery³.

On 30 April 2021, the Manager announced that there has been an incident of displacement and collapse of a berth at Chongxian Port Investment which has resulted in the damage of two gantry cranes located within the vicinity of the berth. No injuries were reported. The Manager and Property Manager are still working closely together with the insurer on the claim assessment. The affected site has been cleared of the damaged cranes and the steel stockpiles. Design and planning work for the repair of the affected berth area has also commenced and repair work is expected to start in end-August 2021.

On 17 May 2021, the Manager announced that ECW has been approached by Forchn International Pte. Ltd. in relation to a potential transaction involving ECW's interests in all of its properties, which may or may not lead to the divestment of these properties. At this juncture, other than what has been disclosed in the holding announcement, there has been no new developments. The Manager will make the relevant announcements on SGXNET in the event there are any material developments which warrant disclosure under the listing rules of the SGX-ST.

As at 30 June 2021, ECW's portfolio of eight properties has a healthy occupancy of 99.1% and a weighted average lease to expiry of 3.0 years (by gross rental income). Four of its properties are on master leases with annual rental escalation providing organic growth.

¹ National Bureau of Statistics of China: http://www.stats.gov.cn/english/PressRelease/202107/t20210715_1819447.html

² National Bureau of Statistics of China: http://www.stats.gov.cn/english/PressRelease/202107/t20210716_1819547.html

³ http://www.xinhuanet.com/english/2021-07/15/c_1310063152.htm

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

For the six months ended 30 June 2021

4. Distribution

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 April 2021 to 30 June 2021

Distribution types: Tax-exempt distribution

Distribution rate: 1.532 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 April 2021 to 30 June 2021, plus distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) of S\$2.0 million.

(b) Corresponding period of the preceding financial period

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

Yes. A capital distribution of 1.386 cents per unit was declared for the period from 1 April 2020 to 30 June 2020.

(c) Date Payable (est.) 28 September 2021

(d) Record Date 14 September 2021

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 April 2021 to 30 June 2021.

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ADDITIONAL INFORMATION AND OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

For the six months ended 30 June 2021

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. 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.

8. 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 30 June 2021:

- (a) ECW will declare a distribution which is classified as capital distribution 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 2Q2021, the Manager has resolved to distribute 90% of the total amount available for distribution to Unitholders, plus payout distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) of S\$2.0 million.

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

9. Confirmation pursuant to Rule 705(5) of Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render these unaudited condensed interim financial statements of the Group and ECW (comprising the condensed interim statement of financial position as at 30 June 2021, condensed interim statement of total return & condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movements in Unitholder's funds for the period

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

For the six months ended 30 June 2021

ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

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

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
6 August 2021
