

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

CONDENSED INTERIM FINANCIAL STATEMENTS
For the twelve months ended 31 December 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).

EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF TOTAL RETURN
For the six months and the twelve months ended 31 December 2021

	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	Change %	Group 12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000	Change %	Remark
Gross revenue	63,499	57,987	9.5	125,488	109,726	14.4	(1)
Property expenses	<u>(6,091)</u>	<u>(4,653)</u>	30.9	<u>(12,463)</u>	<u>(9,419)</u>	32.3	(2)
Net property income	57,408	53,334	7.6	113,025	100,307	12.7	
Finance income	1,088	1,174	(7.3)	2,235	1,883	18.7	
Finance costs	<u>(20,169)</u>	<u>(19,572)</u>	3.1	<u>(39,791)</u>	<u>(39,059)</u>	1.9	
Manager's base fees	<u>(2,902)</u>	<u>(2,638)</u>	10.0	<u>(5,567)</u>	<u>(4,972)</u>	12.0	(3)
Manager's performance fees	<u>(532)</u>	-	N/M	<u>(532)</u>	-	N/M	
Trustee's fees	<u>(174)</u>	<u>(168)</u>	3.6	<u>(343)</u>	<u>(331)</u>	3.6	
Exchange differences	<u>(529)</u>	3,372	N/M	<u>(2,010)</u>	969	N/M	(4)
Other trust expenses	<u>(530)</u>	<u>(574)</u>	(7.7)	<u>(1,141)</u>	<u>(1,355)</u>	(15.8)	(5)
Net income	33,660	34,928	(3.6)	65,876	57,442	14.7	
Gain on disposal of investment properties	-	87	N/M	-	87	N/M	
Net change in fair value of investment properties	<u>(29,790)</u>	<u>(10,594)</u>	>100	<u>(29,790)</u>	<u>(10,594)</u>	>100	(6)
Net change in fair value of financial derivatives	<u>3,370</u>	<u>(4,656)</u>	N/M	<u>8,548</u>	<u>(9,306)</u>	N/M	(7)
Total return for the period before income tax	7,240	19,765	(63.4)	44,634	37,629	18.6	
Income tax expenses	<u>(8,147)</u>	<u>(13,786)</u>	(40.9)	<u>(20,151)</u>	<u>(22,210)</u>	(9.3)	
Total return for the period after income tax before distribution	(907)	5,979	N/M	24,483	15,419	58.8	
Earnings per unit (cents)							
- Basic and diluted	8 (0.11)	0.74	N/M	3.03	1.92	57.8	(8)

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

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF TOTAL RETURN
For the six months and the twelve months ended 31 December 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.

Based on ECW's FY2021 financial performance, the Manager is entitled to receive approximately S\$1.3 million of performance fee. In view of the COVID-19 rental rebates given in FY2020 that resulted in a lower DPU, the Manager proposes to make a voluntary one-off waiver of its entitled performance fee to the extent of the effect of the rental rebates. The adjusted performance fee amount is S\$0.5 million. With the voluntary one-off waiver, the Unitholders will receive 6.263 Singapore cents (+16.9% y-o-y) instead of 6.217 Singapore cents (+16.0% y-o-y) for FY2021. The Unitholders will receive 3.199 Singapore cents (+13.6% y-o-y) instead of 3.153 Singapore cents (+12.0% y-o-y) for 2H2021.

The Manager has elected to receive 100% of its base fee in the form of cash for the period from 1 October 2021 to 31 December 2021, and 50% of its performance fee in the form of units for the period from 1 January 2021 to 31 December 2021.

- (4) Foreign exchange difference arises mainly from revaluation of loans in foreign currency.
- (5) Other trust expenses include professional fees and other non-property related expenses.
- (6) The investment properties were revalued on 31 December 2021 by Beijing Colliers International Real Estate Valuation Co., Ltd..
- (7) 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.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF TOTAL RETURN
For the six months and the twelve months ended 31 December 2021

- (8) 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.

	6 months ended 31 December 2021	6 months ended 31 December 2020	<u>Group</u> 12 months ended 31 December 2021	12 months ended 31 December 2020
Weighted average number of units as at end of period	808,188,752	804,424,107	807,265,343	803,259,381
Earnings per unit ("EPU") – Basic and Diluted (cents)	<u>(0.11)</u>	<u>0.74</u>	<u>3.03</u>	<u>1.92</u>

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at 31 December 2021

	Note	31 December 2021 S\$'000	Group 31 December 2020 S\$'000	Change %	31 December 2021 S\$'000	ECW 31 December 2020 S\$'000	Change %	Remark
ASSETS								
Current assets								
Cash and bank balances		169,255	151,692	11.6	184	1,310	(86.0)	(1)
Trade and other receivables		52,115	40,303	29.3	1,103	965	14.3	(2)
Derivative financial instruments		-	6	N/M	-	6	N/M	(3)
Loans to subsidiaries		-	-	N/M	289,137	288,095	0.4	
		<u>221,370</u>	<u>192,001</u>	15.3	<u>290,424</u>	<u>290,376</u>	0.0	
Non-current assets								
Investment properties	9	1,673,893	1,623,653	3.1	-	-	N/M	(4)
Investments in subsidiaries		-	-	N/M	39,588	39,588	-	
		<u>1,673,893</u>	<u>1,623,653</u>	3.1	<u>39,588</u>	<u>39,588</u>	-	
Total assets		<u>1,895,263</u>	<u>1,815,654</u>	4.4	<u>330,012</u>	<u>329,964</u>	0.0	
LIABILITIES								
Current liabilities								
Trade and other payables		33,521	30,028	11.6	2,513	1,848	36.0	
Loans from a subsidiary		-	-	N/M	426,272	416,720	2.3	
Borrowings	10	708,308	91,047	>100	-	-	N/M	(5)
Derivative financial instruments		4,993	13,506	(63.0)	-	-	N/M	(3)
Current income tax liabilities		16,380	19,666	(16.7)	-	-	N/M	
		<u>763,202</u>	<u>154,247</u>	>100	<u>428,785</u>	<u>418,568</u>	2.4	
Non-current liabilities								
Trade and other payables		69,969	67,035	4.4	-	-	N/M	
Borrowings	10	13,185	592,784	(97.8)	-	-	N/M	(5)
Deferred income tax liabilities		296,174	285,084	3.9	-	-	N/M	(6)
Government grant		980	994	(1.4)	-	-	N/M	
		<u>380,308</u>	<u>945,897</u>	(59.8)	<u>-</u>	<u>-</u>	N/M	
Total liabilities		<u>1,143,510</u>	<u>1,100,144</u>	3.9	<u>428,785</u>	<u>418,568</u>	2.4	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS								
		<u>751,753</u>	<u>715,510</u>	5.1	<u>(98,773)</u>	<u>(88,604)</u>	11.5	
Represented by:								
UNITHOLDERS' FUNDS		<u>751,753</u>	<u>715,510</u>	5.1	<u>(98,773)</u>	<u>(88,604)</u>	11.5	(7)
UNITS IN ISSUE ('000)	11	809,492	805,844	0.5	809,492	805,844	0.5	
NET ASSET VALUE PER UNIT (\$)		<u>0.93</u>	<u>0.89</u>	4.5	<u>(0.12)</u>	<u>(0.11)</u>	9.1	

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at 31 December 2021

Remarks:

- (1) Includes RMB195.1 million (S\$41.4 million) cash security deposits received from the master leases and cash deposits of RMB615.4 million (S\$130.5 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 \$10.7m. Rent receivables under master lease agreement overdue is 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 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 year-end fair values of the investment properties based on valuation as at 31 December 2021 conducted by Beijing Colliers International Real Estate Valuation Co., Ltd.. The investment properties are pledged as security for the borrowings of ECW and its subsidiaries (collectively, the “Group”). In RMB terms, the valuation as at 31 December 2021 is marginally lower at RMB7,892 million compared to the valuation of RMB8,022 million a year ago. In SGD terms, the carrying amount of investment properties increased vis-à-vis a year ago due to a stronger RMB currency.
- (5) Consists of term loan facilities drawn down in 3Q2019 and revolving credit facilities. During the twelve months ended 31 December 2021, S\$584.4 million of loan facilities due in 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 Interim Statements of Movements in Unitholders’ Funds for details.
- (8) As at 31 December 2021, the current liabilities of the Group and ECW exceeded the current assets by S\$541,832,000 and S\$138,361,000 respectively. The Group have borrowings of S\$708,308,000 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.

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED INTERIM CONSOLIDATED DISTRIBUTION STATEMENT
For the six months and the twelve months ended 31 December 2021

	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	Group 12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Total return for the period	(907)	5,979	24,483	15,419
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments				
- Straight lining of step-up rental	(792)	1,009	(1,539)	2,898
- Security deposits accretion	(53)	555	(104)	390
- Manager's base fees paid/payable in units	745	1,319	2,077	2,486
- Manager's performance fees paid/payable in units	266	-	266	-
- Trustee's fees	174	168	343	331
- Net fair value loss on investment properties	29,790	10,594	29,790	10,594
- Deferred tax (credit)/charge, net	(2,878)	1,507	(2,691)	1,028
- Net change in fair value of financial derivatives	(3,370)	4,656	(8,548)	9,306
- Amortisation of upfront debt issuance costs	3,006	2,788	5,827	5,653
- Foreign exchange (gain)/loss, net (unrealised)	725	(3,315)	2,120	(974)
- Gain on disposal of investment properties	-	(87)	-	(87)
- Provision of real estate tax	-	-	-	293
- Write-back provision for doubtful receivables	(113)	(107)	(113)	(107)
- Others	(4)	-	(4)	-
	27,496	19,087	27,424	31,811
Amount available for distribution	26,589	25,066	51,907	47,230
Distribution to Unitholders	25,879	22,671	50,615	43,111
Number of units entitled to distribution	809,491,511	805,843,981	809,491,511	805,843,981
Distribution per Unit (cents)	3.194	2.815	6.263	5.359
Annualised Distribution per Unit (cents)	6.336	5.599	6.263	5.359

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months and the twelve months ended 31 December 2021

Note	Group				Remark
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities					
Total return for the period	(907)	5,979	24,483	15,419	
Adjustments for:					
- Income tax expenses	7 8,147	13,786	20,151	22,210	
- Finance income	(1,088)	(1,174)	(2,235)	(1,883)	
- Finance costs	20,169	19,572	39,791	39,059	
- Effect of straight lining of step-up rental	(792)	1,009	(1,539)	2,898	
- Effect of security deposits accretion	(1,624)	(941)	(3,185)	(2,494)	
- Gain on disposal of investment properties	-	(87)	-	(87)	
- Fair value (gain)/loss on derivative financial instruments	(3,370)	4,656	(8,548)	9,306	
- Fair value loss on investment properties	29,790	10,594	29,790	10,594	
- Write-back provision for doubtful receivables	(113)	(107)	(113)	(107)	
- Manager's base fees payable in units	745	1,319	2,077	2,486	
- Manager's performance fees payable in units	266	-	266	-	
- Foreign exchange loss/(gain), net (unrealised)	725	(3,315)	2,120	(974)	
Operating cash flow before working capital change	51,948	51,291	103,058	96,427	
Change in working capital:					
Trade and other receivables	500	18,421	(10,096)	(927)	
Trade and other payables	1,994	(1,692)	1,862	(2,459)	
Cash generated from operating activities	54,442	68,020	94,824	93,041	
Interest received	1,088	1,174	2,235	1,883	
Income tax paid (net)	(15,718)	(3,538)	(26,845)	(13,859)	
Net cash generated from operating activities	39,812	65,656	70,214	81,065	
Cash flows from Investing activities					
Additions to investment properties	(375)	-	(375)	-	
Proceeds from disposal of investment properties	-	1,061	-	1,061	
Net cash (used in)/generated from financing activities	(375)	1,061	(375)	1,061	
Cash flows from financing activities					
Repayment of borrowings	(22,472)	(49,169)	(53,078)	(53,676)	(1)
Distribution to Unitholders	(25,814)	(22,314)	(49,673)	(43,710)	
Proceeds from borrowings	35,550	48,850	73,550	71,149	(1)
Interest paid	(14,856)	(14,416)	(29,455)	(28,708)	
SBLC commission paid	(137)	(136)	(331)	(245)	
Placements of deposits for SBLC facilities	(3,458)	(2,007)	(26,997)	(24,840)	(1)
Net cash used in financing activities	(31,187)	(39,192)	(85,984)	(80,030)	
Net increase/(decrease) in cash and cash equivalents					
	8,250	27,525	(16,145)	2,096	
Cash and cash equivalents at beginning of the period	14,367	10,218	38,037	34,697	
Effects of exchange rate changes on cash and cash equivalents	96	294	821	1,244	
Cash and cash equivalents at the end of the period	22,713	38,037	22,713	38,037	(2)

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the twelve months ended 31 December 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>	
	31 December 2021	31 December 2020
	S\$'000	S\$'000
Cash and cash equivalents (as per Statement of Financial position)	169,255	151,692
Less:		
- Interest reserves [#]	(16,025)	(15,610)
- Cash collateral for SBLC facilities	(130,517)	(98,045)
Cash and cash equivalents per Consolidated Statement of Cash Flows	<u>22,713</u>	<u>38,037</u>

[#] 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 INTERIM STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the six months ended 31 December 2021

	<u>Group</u>		<u>ECW</u>	
	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000
OPERATIONS				
Beginning of the period	852,057	859,699	(5,022)	(22,473)
Total return for the period	(907)	5,979	9,956	24,466
Distribution to Unitholders	(25,814)	(22,314)	(25,814)	(22,314)
Transfer to general reserves	(6,348)	(5,198)	-	-
End of the period	818,988	838,166	(20,880)	(20,321)
GENERAL RESERVES*				
Beginning of the period	20,907	15,709	-	-
Transfer from operations	6,348	5,198	-	-
End of the period	27,255	20,907	-	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the period	(79,247)	(69,580)	(79,247)	(69,580)
Movements during the period				
- Manager's base fees paid in units	1,354	1,297	1,354	1,297
- Distribution to Unitholders	-	-	-	-
End of the period	(77,893)	(68,283)	(77,893)	(68,283)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the period	(40,698)	(109,996)	-	-
Translation differences relating to financial statements of foreign subsidiaries	24,101	34,716	-	-
End of the period	(16,597)	(75,280)	-	-
Total Unitholders' funds at end of the period	751,753	715,510	(98,773)	(88,604)

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CONDENSED INTERIM STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the twelve months ended 31 December 2021

	<u>Group</u>		<u>ECW</u>	
	12 months ended 31 December 2021	12 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Beginning of the year	838,166	850,259	(20,321)	(31,166)
Total return for the year	24,483	15,419	36,754	33,159
Distribution to Unitholders	(37,313)	(22,314)	(37,313)	(22,314)
Transfer to general reserves	(6,348)	(5,198)	-	-
End of the year	818,988	838,166	(20,880)	(20,321)
GENERAL RESERVES*				
Beginning of the year	20,907	15,709	-	-
Transfer from operations	6,348	5,198	-	-
End of the year	27,255	20,907	-	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the year	(68,283)	(49,974)	(68,283)	(49,974)
Movements during the year				
- Manager's base fees paid in units	2,750	3,087	2,750	3,087
- Distribution to Unitholders	(12,360)	(21,396)	(12,360)	(21,396)
End of the year	(77,893)	(68,283)	(77,893)	(68,283)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the year	(75,280)	(132,069)	-	-
Translation differences relating to financial statements of foreign subsidiaries	58,683	56,789	-	-
End of the year	(16,597)	(75,280)	-	-
Total Unitholders' funds at end of the year	751,753	715,510	(98,773)	(88,604)

* 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.

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EC WORLD REAL ESTATE INVESTMENT TRUST
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the twelve months ended 31 December 2021

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 interim consolidated financial statements for the period ended 31 December 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 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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2. Basis of preparation (continued)

New or amended financial reporting standards effective this period

The Group has adopted new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application from 1 January 2021. The adoption of these FRS and INT FRS did not result in material changes to the Group’s accounting policies and has no material effect on the amounts reported for the current financial period. The amendments to FRS relating to Phase 2 of the Interest Rate Benchmark Reform applicable for periods beginning on or after 1 January 2021 provides further relief for hedge accounting as well as practical expedients for modification of debt instruments and lease liabilities for lessees with Interbank Offer Rates (“IBOR”) based terms, and also introduce additional disclosure requirements on the entity’s transition to alternative benchmark rates and related information. The Group is currently overseeing and monitoring the Group’s IBOR reform transition, which includes assessing the impact of existing IBOR related financial products and executing amendments required as a result of IBOR reform with its counterparties.

Going concern

As at 31 December 2021, the current liabilities of the Group and ECW exceeded the current assets by S\$541,832,000 and S\$138,361,000 respectively. The Group have borrowings of S\$708,308,000 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 financial statements have been 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 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.

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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.

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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4. Segment information (continued)

Property income and expenses

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	6 months ended 31 December 2021	6 months ended 31 December 2020	6 months ended 31 December 2021	6 months ended 31 December 2020	6 months ended 31 December 2021	6 months ended 31 December 2020	6 months ended 31 December 2021	6 months ended 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>								
Gross revenue	26,834	22,507	6,368	7,231	30,297	28,249	63,699	57,987
Property expenses	(2,060)	(1,747)	(965)	(583)	(3,066)	(2,323)	(6,091)	(4,653)
Net property income	24,774	20,760	5,403	6,648	27,231	25,926	57,408	53,334
Net change in fair value of investment properties	(16,322)	2,575	2,533	(10,803)	(16,001)	(2,366)	(29,790)	(10,594)
Finance income							1,088	1,174
Finance costs							(20,169)	(19,572)
Other trust expenses*							(4,138)	(3,380)
Exchange differences							(529)	3,372
Gain on disposal of PPE and IP							-	87
Net change in fair value of financial derivatives							3,370	(4,656)
Total return for the financial year before income tax							7,240	19,765
Income tax expenses							(8,147)	(13,786)
Total return for the financial year after income tax before distribution							(907)	5,979

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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 2021	12 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>								
Gross revenue	52,678	42,676	12,967	14,209	59,843	52,841	125,488	109,726
Property expenses	(3,616)	(3,268)	(1,679)	(1,274)	(7,168)	(4,877)	(12,463)	(9,419)
Net property income	49,062	39,408	11,288	12,935	52,675	47,964	113,025	100,307
Net change in fair value of investment properties	(16,322)	2,575	2,533	(10,803)	(16,001)	(2,366)	(29,790)	(10,594)
Finance income							2,235	1,883
Finance costs							(39,791)	(39,059)
Other trust expenses*							(7,583)	(6,658)
Exchange differences							(2,010)	969
Gain on disposal of PPE and IP							-	87
Net change in fair value of financial derivatives							8,548	(9,306)
Total return for the financial year before income tax							44,634	37,629
Income tax expenses							(20,151)	(22,210)
Total return for the financial year after income tax before distribution							24,483	15,419

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

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4. Segment information (continued)

Assets and liabilities

	Port Logistics		Specialised Logistics		E-commerce Logistics		Total	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>								
Segment assets								
- Investment properties	673,205	656,990	305,000	288,622	695,688	678,041	1,673,893	1,623,653
- Trade and other receivables	11,588	7,066	3,632	411	36,082	32,078	51,302	39,555
Unallocated assets							170,068	152,446
Total assets							1,895,263	1,815,654
Segment liabilities	198,002	186,281	70,983	66,536	144,963	143,838	413,948	396,655
Unallocated liabilities							721,493	683,831
- Borrowings							8,069	19,658
- Others								
Total liabilities							1,143,510	1,100,144

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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 2021 and 31 December 2020:

	<u>Group</u>		<u>ECW</u>	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Financial Assets				
Cash and bank balances (Amortised cost)	169,255	151,692	184	1,310
Trade and other receivables (Amortised cost)	52,115	40,303	1,103	965
Loans to subsidiaries (Amortised cost)	-	-	289,137	288,095
Derivative financial instruments (FVPL)	-	6	-	6
	221,370	192,001	290,424	290,376
Financial Liabilities				
Trade and other payables (Amortised cost)	103,490	97,063	2,513	1,848
Borrowings (Amortised cost)	721,493	683,831	-	-
Loans from a subsidiary (Amortised cost)	-	-	426,272	416,720
Derivative financial instruments (FVPL)	4,993	13,506	-	-
	829,976	794,400	428,785	418,568

6. Profit before taxation

6.1 Significant items

	<u>Group</u>			
	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Income				
Interest income	1,088	1,174	2,235	1,883
Expenses				
Interest on borrowings	15,013	14,767	29,629	29,602

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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..

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 2021 S\$'000	6 months ended 31 December 2020 S\$'000	<u>Group</u> 12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Property management fees paid/payable	1,008	974	1,992	1,861
Trustee's fees paid/payable	174	168	343	331
Manager's base fees paid/payable	2,902	2,639	5,567	4,972
Manager's performance fees paid/payable	532	-	532	-
Rental and other related income received/receivable from fellow subsidiaries	(54,561)	(48,719)	(105,874)	(93,920)
Operating lease commitment where the Group is a lessor	272,035	342,726	272,035	342,726

7. Taxation

	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	<u>Group</u> 12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Tax expense attributable to profit is made up of:				
- Profit for the financial year:				
Current income tax				
- Foreign	10,303	10,582	20,566	18,953
	10,303	10,582	20,566	18,953
Withholding tax	722	1,602	2,276	2,133
Deferred income tax	(2,878)	1,506	(2,691)	1,028
	8,147	13,690	20,151	22,114

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7. Taxation (continued)

	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	<u>Group</u> 12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
- Under/(Over) provision in prior financial year:				
Current income tax	-	96	-	96
- Foreign	-	-	-	-
	8,147	13,786	20,151	22,210

8. Earnings per unit

The calculation of basic earnings per Unit is based on:

	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	<u>Group</u> 12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Total return attributable to Unitholders of ECW	(907)	5,979	24,483	15,419
Weighted average number of Units outstanding during the year ('000)	808,189	804,424	807,265	803,259
Basic and diluted earnings per Unit (cents per share)	(0.11)	0.74	3.03	1.92

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

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9. Investment properties

	Group	
	31 December 2021	31 December 2020
	S\$'000	S\$'000
Beginning of the year	1,623,653	1,567,586
Asset enhancements during the year	375	-
Effect of straight lining of step-up rental	1,581	(2,967)
Fair value changes	(29,790)	(10,594)
Disposals during the year	-	(974)
Adjustments for finalised construction costs	-	(5,019)
Currency translation differences	78,074	75,621
End of the year	<u>1,673,893</u>	<u>1,623,653</u>

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

For the financial year ended 31 December 2021, the carrying value of the Group's investment properties was based on the independent valuations as at 31 December 2021 conducted by Beijing Colliers International Real Estate Valuation Co., Ltd.. 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.

10. Borrowings

	Group	
	31 December 2021	31 December 2020
	S\$'000	S\$'000
<i>Current</i>		
Secured bank borrowings		
- Onshore facility	180,682	5,397
- Offshore facility	415,776	-
- Revolving credit facilities	111,850	85,650
	<u>708,308</u>	<u>91,047</u>
<i>Non-current</i>		
Secured bank borrowings		
- Onshore facility	13,185	183,177
- Offshore facility	-	409,607
	<u>13,185</u>	<u>592,784</u>
Total borrowings	<u>721,493</u>	<u>683,831</u>

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10. Borrowings (continued)

The maturity of the borrowings are as follows:

	Group	
	31 December 2021	31 December 2020
	S\$'000	S\$'000
Within 1 year	708,308	91,047
After 1 year but within 3 years	5,074	583,205
Over 3 years	8,111	9,579
	721,493	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"), Singapore Swap Offer Rate ("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\$215.9 million) and 10-year RMB77.0 million (S\$16.3 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.

As at 31 December 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;

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10. Borrowings (continued)

Onshore facility (continued)

As at 31 December 2021, the onshore facility is secured by: (continued)

- (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 12 months ended 31 December 2021 was 6.9% and 6.8% respectively. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2021 was 5.9% and 5.8% respectively.

Offshore facility

ECW has put in place 3-year S\$305.6 million and US\$86.8 million (S\$117.3 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 Fullwealth Investment Pte. Ltd., Richwin Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richport Investment Pte. Ltd., Magnasset Investment Pte. Ltd., JY Logistics Investment Pte. Ltd. and Realtime Assets Global Pte. Ltd. (the "Singapore Holding Companies") and 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;
-

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10. Borrowings (continued)

Offshore facility (continued)

The offshore facility is secured by: (continued)

- (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 12 months ended 31 December 2021 was 4.9%. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2021 was 4.0%. As at 31 December 2021, S\$300.0 million and US\$86.8 (S\$117.3 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.

Revolving Credit Facilities

As at 31 December 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\$111,850,000 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 RMB615,355,000 (S\$130,517,000). The interest rates ranged from 1.2% to 1.7% per annum for the quarter and 12 months ended 31 December 2021.

The blended all-in interest rate of the aggregate facilities for the quarter and 12 months ended 31 December 2021 was 4.9%. The blended all-in running interest rate for the quarter and 12 months ended 31 December 2021 was 4.1% per annum. At the end of the year, the Aggregate Leverage for the Group was 38.2% (31 December 2020: 38.1%) and the interest coverage ratio was 2.92 times (31 December 2020: 2.62 times).

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10. Borrowings (continued)

Interest Rate Benchmark Reform

Following the global financial crisis, the reform and replacement inter-bank offered rates (“IBOR”) has become a priority for global regulators. The Group’s risk exposure that is directly affected by the IBOR reform predominantly comprises its variable rate borrowings that are linked to the SOR and the USD LIBOR.

SOR and USD LIBOR will cease publication after 30 June 2023, and it is expected to be replaced by the Singapore Overnight Rate Average (“SORA”) and the Secured Overnight Financing Rate (“SOFR”), respectively. The Group has variable rate SGD and USD borrowings which reference to SOR and USD LIBOR and matures before 30 June 2023. The expected transition from SOR to SORA and USD LIBOR to SOFR had no effect on the amounts reported for the current and prior financial years.

The Group has adopted the amendments to FRS 9, FRS 7 and FRS 16 Interest Rate Benchmark Reform – Phase 2 effective 1 January 2021. The Group does not expect any significant impact arising from applying these amendments.

11. Units in issue

	<u>Group and ECW</u>	
	31 December 2021	31 December 2020
	No. of Units '000	No. of Units '000
<i>Units in issue</i>		
Beginning of the year	805,844	801,206
Issue of Units:		
- Manager’s base fees paid in Units	3,648	4,638
End of the year	809,492	805,844
<i>Units to be issued</i>		
- Manager’s performance fees payable in Units	346	-
- Manager’s base fees payable in Units for 1 October 2020 to 31 December 2020	-	938
Total issued and to be issued Units	809,838	806,782

During the year, ECW issued 3,647,530 new Units (2020: 4,637,745 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 year.

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>	
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
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

* The derivative financial instruments entered into were plain vanilla interest rate swaps, cross currency swaps and currency options contracts.

13. Events occurring after Statements of Financial Position date

On 6 January 2022, Fu Zhuo Industrial has received a formal notice from the People's Government of Linping District, Hangzhou City, People's Republic of China with regard to the compulsory expropriation of Fu Zhuo Industrial for the development of the Grand Canal National Cultural Park in Hangzhou. The Manager has engaged the relevant authorities to discuss the details of the compulsory expropriation. Fuzhuo Industrial is stated at its fair value of \$24,816,000 on the Group's Statement of Financial Position as at 31 December 2021. Operating lease commitment not recognised as at 31 December 2021 amounted to \$378,000. As at the date of this announcement, financial impact of the compulsory expropriation cannot be determined as negotiations with the authorities are still ongoing.

On 23 February 2022, the Manager announced a distribution of 1.537 cents per unit for the period from 1 October 2021 to 31 December 2021.

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The condensed interim statement of financial position of ECW and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated statement of total return and other comprehensive income, condensed interim distribution statement, condensed interim consolidated statement of cash flows and condensed interim statement of movements in Unitholder's funds for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

Summary Results of ECW

		Group					
		1.10.21 to 31.12.21	1.10.20 to 31.12.20	Change	1.1.21 to 31.12.21	1.1.20 to 31.12.20	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Gross revenue	(1) 31,943	29,532	8.2	125,488	109,726	14.4
	Net property income	(1) 28,813	27,203	5.9	113,025	100,307	12.7
	Distribution to Unitholders	12,440	11,499	8.2	50,615	43,111	17.4
	Distribution per unit ("DPU") (cents)	(2) 1.537	1.427	7.7	6.263	5.359	16.9
	Annualised distribution yield (%)						
	- Based on share price of S\$0.77 per unit as at 31 December 2021	7.92	7.94	(0.3)	8.13	7.50	8.4

Notes:

- (1) The increase in gross revenue and net property income in 4Q2021 was mainly due to positive straight-line adjustments and strengthening of RMB by 4.4% year-on-year. After adjusting for effective rent, security deposit accretion and other relevant distribution adjustments in the Condensed Interim Consolidated Distribution Statement, gross revenue and net property income were S\$30.8 million and S\$27.6 million respectively in 4Q2021 (4Q2020: S\$29.5 million and S\$27.1 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 4Q2021, the Manager has resolved to distribute 100% of the total amount available for distribution to Unitholders. Please refer to the Condensed Interim Consolidated Distribution Statement. The next distribution for the period from 1 October 2021 to 31 December 2021 will be made on or around 31 March 2022.

Distribution and Record Date

Distribution	1 October 2021 to 31 December 2021
Distribution type	Tax-exempt distribution
Distribution rate	1.537 cents
Record date	15 March 2022
Payment date (est)	31 March 2022

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1. Review of the Performance

	Group					
	1.10.21 to 31.12.21	1.10.20 to 31.12.20	Change	1.1.21 to 31.12.21	1.1.20 to 31.12.20	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Statement of Total Return						
Gross revenue	31,943	29,532	8.2	125,488	109,726	14.4
Property expenses	(3,130)	(2,329)	34.4	(12,463)	(9,419)	32.3
Net property income	28,813	27,203	5.9	113,025	100,307	12.7
Finance income	560	512	9.4	2,235	1,883	18.7
Finance costs	(10,158)	(9,851)	3.1	(39,791)	(39,059)	1.9
Manager's management fees						
- Base fees	(1,413)	(1,346)	5.0	(5,567)	(4,972)	12.0
- Performance fees	(532)	-	N/M	(532)	-	N/M
Trustee's fees	(88)	(84)	4.8	(343)	(331)	3.6
Foreign exchange (loss)/gain	293	2,362	(87.6)	(2,010)	969	N/M
Other trust expenses	(295)	(196)	50.5	(1,141)	(1,355)	(15.8)
Net income	17,180	18,600	(7.6)	65,876	57,442	14.7
Gain on disposal of IP	-	87	N/M	-	87	N/M
Net change in fair value of investment properties	(29,790)	(10,594)	>100	(29,790)	(10,594)	>100
Net change in fair value of financial derivatives	880	(2,752)	N/M	8,548	(9,306)	N/M
Total return for the financial period before income tax	(11,730)	5,341	N/M	44,634	37,629	18.6
Income tax expenses	(2,917)	(8,027)	(63.7)	(20,151)	(22,210)	(9.3)
Total return for the financial period after income tax before distribution	(14,647)	(2,686)	>100	24,483	15,419	58.8
Distribution statement						
Total return for the financial period after income tax before distribution	(14,647)	(2,686)	>100	24,483	15,419	58.8
Distribution adjustments	27,090	15,469	75.1	27,424	31,811	(13.8)
Total amount available for distribution	12,443	12,783	(2.7)	51,907	47,230	9.9
Distribution to Unitholders	12,440	11,499	8.2	50,615	43,111	17.4

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(i) Review of performance for the quarter ended 31 December 2021

Gross revenue of S\$31.9 million was S\$2.4 million or 8.2% higher compared to 4Q2020. Net property income (“NPI”) of S\$28.8 million was S\$1.6 million or 5.9% higher compared to 4Q2020. In RMB terms, the gross revenue and NPI were 3.6% and 1.4% higher respectively compared to 4Q2020. After straight-line, security deposit accretion and other relevant distribution adjustments, gross revenue in RMB terms was 0.1% lower compared to 4Q2020. NPI in RMB terms was 2.5% lower, mainly due to higher operating expenses at the Properties.

Finance costs of S\$10.2 million were S\$0.3 million or 3.1% higher compared to 4Q2020 mainly due to higher loan quantum.

Distribution to Unitholders of S\$12.4 million represents S\$0.9 million or 8.2% increase compared to 4Q2020 mainly due to payment of 100% of amount available for distribution for the quarter, as compared to retention of 10% distributable income in 4Q2020.

(ii) Review of performance for the 12 months ended 31 December 2021

Gross revenue of S\$125.5 million was S\$15.8 million or 14.4% higher compared to FY2020. Net property income (“NPI”) of S\$113.0 million was S\$12.7 million or 12.7% higher compared to FY2020. In RMB terms, the gross revenue and NPI were 9.8% and 8.2% higher respectively compared to FY2020. After straight-line, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms were 5.3% and 2.9% higher respectively compared to FY2020, mainly due to one-off rental rebates given to tenants in FY2020 in efforts to mitigate the adverse impact of the COVID-19 situation on tenants’ operations.

Finance costs of S\$39.8 million were S\$0.7 million or 1.9% higher compared to FY2020 mainly due to higher option premium and SBLC bank charges incurred.

Distribution to Unitholders of S\$50.6 million represents S\$7.5 million or 17.4% increase compared to FY2020 mainly due to absence of rental rebates given in 1Q2020 and payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) in 2Q2021.

2. Variance between the forecast

ECW did not disclose any financial forecast to the market.

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For the twelve months ended 31 December 2021

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

According to the official figures released by the National Bureau of Statistics, China's economy grew by 8.1% in 2021 to about \$18 trillion despite domestic and global challenges, including epidemic resurgences and a complicated external environment. This increase is higher than the 6% growth target set by the Chinese government for 2021. Nevertheless, for 4Q2021, the economy slowed to 4.0% growth from the 4.9% growth in 3Q2021. The Chinese government warned of the triple pressure of demand contraction, supply shocks and weakening expectations amid an increasingly complicated external environment¹.

China's retail sales of consumer goods, a major indicator of consumption growth, rose 12.5% year-on-year, of which, online retail sales of physical goods accounted for 24.5%. Online retail sales grew 14.1% in 2021 to 13,088.4 billion yuan in 2021.¹

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 (the "**Potential Transaction**"). On 28 December 2021, the Manager was informed by Forchn International Pte. Ltd. that it has decided not to proceed with the Potential Transaction. The Manager remains committed to exploring new opportunities to enhance the long-term value of ECW for unitholders and stakeholders.

On 10 January 2022, the Manager announced that ECW received a formal notice (the "**Notice**") from the Chongxian Sub-district Office of the People's Government of Linping District, Hangzhou City, People's Republic of China ("PRC") in relation to the Compulsory Expropriation of Fu Zhuo Industrial ("**Compulsory Expropriation**"), the property owned by Hangzhou Fu Zhuo Industrial Co., Ltd. (杭州富卓实业有限公司), an indirectly wholly owned subsidiary of ECW. In accordance to the Notice, ECW is entitled to receive compensation based on the expropriation valuation of Fu Zhuo Industrial. Fu Zhuo Industrial accounts for 1.48% of ECW's portfolio valuation as at 31 December 2021 and 1.4% and 1.6% of ECW's gross revenue and net property income for the financial year ended 31 December 2021 respectively. The Manager is in discussion with the relevant authorities on the details of the Compulsory Expropriation and will provide further updates once it has more information.

As at 31 December 2021, ECW has a weighted average debt to maturity of 0.63 years. In January 2022, China cut its key lending rates in its effort to push down borrowing costs to spur consumption and investments². The Manager has commenced its refinancing plans and will keep the investing community informed of any material development.

¹ National Bureau of Statistics (NBS): http://www.stats.gov.cn/english/PressRelease/202201/t20220117_1826409.html

² CNBC: <https://www.cnbc.com/2022/01/20/china-economy-pboc-cuts-loan-prime-rates-lpr-for-1-year-5-year.html>

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Portfolio occupancy for ECW's eight properties remains healthy at 99.2% with a weighted average lease to expiry of 2.7 years (by gross rental income). Excluding Fu Zhou Industrial, the weighted average lease to expiry would have been 2.6 years (by gross rental income) as at 31 December 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 October 2021 to 31 December 2021

Distribution types: Tax-exempt distribution

Distribution rate: 1.537 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 100% of the distributable income for the period from 1 October 2021 to 31 December 2021.

(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 1.427 cents per unit was declared for the period from 1 October 2020 to 31 December 2020.

(c) Date Payable (est.) 31 March 2022

(d) Record Date 15 March 2022

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 2021 to 31 December 2021.

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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	Commencement date	Remaining term (Years)	Gross revenue received from
			1.1.21 to 31.12.21 (inclusive of VAT) (RMB'000)
Chongxian Port Investment	1 January 2021	3.0	166,503
The Stage 1 Properties of Bei Gang Logistics	1 November 2020	2.8	129,905
Fu Heng Warehouse	1 January 2021	3.0	50,041
Fuzhou E-Commerce	8 August 2019	2.6	88,717

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.

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 2021:

- (a) ECW will declare a distribution which is classified as tax-exempt 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.

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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 4Q2021, the Manager has resolved to distribute 100% 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 fulfill, 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

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.

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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 2022