
**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

INTRODUCTION

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

ECW was established with the investment strategy of investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply-chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus in the People’s Republic of China (“**PRC**”).

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

ECW’s portfolio comprises seven properties (collectively known as the “**Properties**”) located in Hangzhou and Wuhan, the PRC, with an aggregate net lettable area (“**Net Lettable Area**” or “**NLA**”) of 954,299 square meters. The Properties are:

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

Notes:

On 3 October 2022, the Manager announced that ECW, through its wholly-owned subsidiary, Richwin Investment Pte. Ltd. (“**Vendor**”), had on 30 September 2022 entered into an equity purchase agreement (the “**Equity Purchase Agreement**”) with Hangzhou Futou Beigang Enterprise Management Co., Ltd. (“**HFBEM**”), Forchn International Pte. Ltd. (“**FIPL**”, and together with HFBEM, the “**Purchasers**”) and the Forchn Holdings Group Co., Ltd., the sponsor of EC World REIT (the “**Sponsor**”) pursuant to which ECW will divest its indirect interests in Stage 1 Properties of Bei Gang Logistics (“**Beigang Logistics Stage 1**”) and Chongxian Port Logistics (“**Chongxian Port Logistics**”) (together the “**Divestment Properties**”) (the “**Proposed Divestment**”) (Please refer to 1 (b) (i) Balance sheet note 4 for details and note 10 on the steps that the Manager has undertaken).

Both Divestment Properties are located in Hangzhou, the PRC. The NLA for the remaining five properties is 708,024 square meters.

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Summary Results of ECW

		Group					
		1.7.23 to 30.9.23	1.7.22 to 30.9.22	Change	1.1.23 to 30.9.23	1.1.22 to 30.9.22	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	Notes	27,001	29,830	(9.5)	82,715	93,154	(11.2)
Net property income	(1)	24,748	27,051	(8.5)	76,542	84,990	(9.9)
Calculated Distribution to Unitholders		7,416	11,046	(32.9)	24,039	33,479	(28.2)
Calculated Distribution per unit ("DPU") (cents)	(2)	0.916	1.364	(32.8)	2.969	4.134	(28.2)
Annualised distribution yield (%)		12.98	10.82	20.0	14.18	11.05	28.3
- Based on share price of S\$0.28 per unit as at 28 August 2023 (S\$0.50 per unit as at 30 September 2022)							

Notes:

- (1) The decrease in gross revenue and net property income in 3Q2023 was mainly due to weakening of RMB against SGD by 8.7% year-on-year and straight-line rental adjustment, offset by organic rental escalations and higher late fee. After adjusting for effective rent, security deposit accretion and other relevant distribution adjustments in section 1(a)(11), gross revenue and net property income were S\$26.6 million and S\$24.3 million respectively in 3Q2023 (3Q2022: S\$29.0 million and S\$26.2 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. However, ECW had been making distribution on a quarterly basis since its first distribution on 28 November 2016. On 27 December 2022, the Manager has announced that ECW will make distributions on a half-yearly basis, in respect of the periods commencing on or after 1 January 2023.

As announced by the Manager on 27 September 2023, ECW World REIT was not able to make distribution to unitholders for the first half year ended 30 June 2023 due on 28 September 2023 due to insufficient funds. The payment of the distribution will be deferred to a future date when the ECW World REIT has sufficient free cash for the distribution.

ECW planned to retain 10% of total amount available for distribution for general working capital purpose for the financial period with effective from 1 January 2023. Please refer to section 1(a) for the distribution statement. The next distribution to Unitholders will be for the half-year period from 1 July 2023 to 31 December 2023.

For details, please refer to Item 6 for the DPU computation.

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1(a) Statement of Total Return and Distribution Statement

Statement of Total Return		Group					
		1.7.23 to 30.9.23	1.7.22 to 30.9.22	Change	1.1.23 to 30.9.23	1.1.22 to 30.9.22	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Notes							
	(1)	27,001	29,830	(9.5)	82,715	93,154	(11.2)
	(2)	(2,253)	(2,779)	(18.9)	(6,173)	(8,164)	(24.4)
		24,748	27,051	(8.5)	76,542	84,990	(9.9)
		385	489	(21.3)	1,278	1,540	(17.0)
	(3)	(11,758)	(10,609)	10.8	(34,602)	(30,661)	12.9
	(4)						
		(916)	(1,227)	(25.3)	(2,968)	(3,580)	(17.1)
		(75)	(81)	(7.4)	(227)	(250)	(9.2)
	(5)	(922)	(2,716)	(66.1)	(2,956)	(4,628)	(36.1)
	(6)	(313)	(383)	(18.3)	(1,639)	(977)	67.8
		11,149	12,524	(11.0)	35,428	46,434	(23.7)
	(7)	-	-	N/M	-	(4,106)	N/M
	(8)	-	-	N/M	-	(54,442)	N/M
	(9)	273	5,784	(95.3)	(206)	12,362	N/M
		11,422	18,308	(37.6)	35,222	248	>100
	(10)	(5,463)	(5,671)	(3.7)	(17,933)	(10,732)	67.1
		5,959	12,637	(52.8)	17,289	(10,484)	N/M
Distribution statement							
	(11)	5,959	12,637	(52.8)	17,289	(10,484)	N/M
		2,280	(1,591)	N/M	9,420	42,707	(77.9)
		8,239	11,046	(25.4)	26,709	32,223	(17.1)
		7,416	11,046	(32.9)	24,039	33,479	(28.2)

Notes:

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

The Manager has elected to receive 100% of its base fee in the form of cash for the period from 1 January 2023 to 31 December 2023.
- (5) Foreign exchange loss arises mainly from revaluation of loans in foreign currency.
- (6) Other trust expenses include professional fees and other non-property related expenses.
- (7) This relates to pre-termination compensation paid to third-party tenant resulting from the compulsory expropriation of Fu Zhuo Industrial in FY2022.

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- (8) The fair values losses of the investment properties in FY2022 were based on the average of the two independent valuations as at 30 June 2022 provided by Knight Frank Petty Ltd (“**Knight Frank**”) and Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”).
- (9) The net change in fair value of financial derivatives relates to various derivative financial instruments which were put in place by the Manager to hedge interest rate and exchange rate risks.
- (10) Income tax expenses comprise corporate income tax, withholding tax and deferred tax.
- (11) Net effect of (non-taxable income) / tax deductible expenses and other adjustments comprises:

	Group					
	1.7.23 to 30.9.23	1.7.22 to 30.9.22	Change	1.1.23 to 30.9.23	1.1.22 to 30.9.22	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Straight-lining of step-up rental	287	(45)	N/M	771	(255)	N/M
Security deposit accretion	51	14	>100	155	42	>100
Trustee's fees	76	80	(5.0)	227	249	(8.8)
Net fair value loss on investment properties	-	-	N/M	-	53,171	N/M
Net deferred tax (credit)/expenses	(72)	93	N/M	(193)	(8,122)	(97.6)
Net change in fair value of financial derivatives	(273)	(5,784)	(95.3)	206	(12,362)	N/M
Pre-termination compensation - FZSY expropriation	-	-	N/M	-	1,232	N/M
Amortisation of upfront debt issuance costs	1,363	1,398	(2.5)	4,033	4,303	(6.3)
Net foreign exchange loss	869	2,652	(67.2)	2,952	4,447	(33.6)
Provision of withholding tax	(21)	-	N/M	1,269	-	N/M
Others	-	1	N/M	-	2	N/M
Total distribution adjustments	2,280	(1,591)	N/M	9,420	42,707	(77.9)

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1(b)(i) Balance Sheet

	Notes	Group		ECW	
		30.9.23	31.12.22	30.9.23	31.12.22
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	(1)	106,315	113,330	444	1,494
Derivative financial assets	(2)	697	1,857	-	-
Trade and other receivables	(3)	31,577	14,293	2,228	1,203
Loans to subsidiaries		-	-	241,557	241,556
		138,589	129,480	244,229	244,253
Assets of disposal group classified as held-for-sale	(4)	414,990	460,424	-	-
		553,579	589,904	244,229	244,253
Non-current assets					
Investment properties	(5)	1,040,590	1,076,874	-	-
Investment in subsidiaries		-	-	39,588	39,588
		1,040,590	1,076,874	39,588	39,588
Total assets		1,594,169	1,666,778	283,817	283,841
LIABILITIES					
Current liabilities					
Trade and other payables	(6)	101,836	55,258	21,230	2,820
Loans from subsidiaries		-	-	351,491	372,420
Borrowings	(7)	531,110	593,136	-	-
Derivative financial liabilities	(2)	134	1,099	-	-
Current income tax liabilities		21,613	13,497	-	-
		654,693	662,990	372,721	375,240
Liabilities directly associated with disposal group classified as held-for-sale	(4)	142,942	161,053	-	-
		797,635	824,043	372,721	375,240
Non-current liabilities					
Deferred income tax liabilities	(8)	189,409	193,975	-	-
Trade and other payables		39,713	40,929	-	-
Government grant		769	837	-	-
		229,891	235,741	-	-
Total liabilities		1,027,526	1,059,784	372,721	375,240
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		566,643	606,994	(88,904)	(91,399)
Represented by:					
UNITHOLDERS' FUNDS	(9)	566,643	606,994	(88,904)	(91,399)

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Notes

- (1) Includes RMB71.6 million (S\$13.4 million) cash security deposits received from the master leases and cash deposits of RMB474.4 million (S\$88.7 million) placed as collateral for standby letter of credit (“**SBLC**”) issuance. As at 30 September 2023, cash collaterals for SBLC facilities were placed with United Overseas Bank (China) Limited and Bank of East Asia (China) Limited which have good credit rating.
- (2) This relates to the fair values of the derivative financial instruments entered into to hedge the various risks of ECW. As at 30 September 2023, 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);
- (3) Increase in trade and other receivables was mainly due to increase in rent receivables offset by collection from related party leases (including master lease agreements) during the period. The master lease agreements are secured by the cash security deposit of RMB345.1 million (S\$64.5 million) (including amounts presented within liabilities directly associated with disposal group classified as held for sale). Under the master lease agreement, the overdue rent receivables are subjected to a late payment interest of 0.03% per day. As of 30 September 2023, the balance 30% of compensation (RMB32.6m) for the compulsory expropriation Fu Zhuo Industrial remains outstanding. The management will follow up on the status of the payment.

As of 30 September 2023, the overdue rent receivables owing to EC World REIT and its subsidiaries (collectively, the “**ECW Group**”) by the Sponsor and its subsidiaries (collectively, the “**Sponsor Group**”) has exceeded RMB171 million (including amounts presented within the assets of disposal group classified as held for sale). Of the outstanding rent receivables, RMB126 million represents the rent payable pursuant to master leases, while the balance RMB45 million represents the rent payable pursuant to other related party leases. The Manager has been in regular dialogue with the Sponsor Group to remind the related party lessees (including master lessees) of their payment obligations under the existing lease agreements. Despite the Manager’s efforts, there has been no repayment plan provided by the Sponsor Group, the Manager has assessed that there is a high risk of non-collection of the outstanding rent receivables. As at 30 September 2023, the outstanding rent receivables due from the Sponsor Group can be fully covered by the security deposit amount, hence no provision for bad debts was made. The ECW Group will monitor the collection status of the outstanding rent receivables and provide provision on a needed basis.

Please refer to 1b(i) Balance Sheet note (10) on the steps that the Manager has undertaken.

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

The divestment to Sponsor was approved by ECW’s unitholders on 16 December 2022. As of 30 September 2023, the Group received RMB333 million (S\$64.5 million) advance payment from the Purchasers.

The entire assets and liabilities related to the Proposed Divestment were presented as a disposal group classified as held-for sale as at 30 September 2023. Details of the assets of disposal group classified as held-for sale and liabilities directly associated with disposal group classified as held-for sale were as follows:

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		Disposal Group as at 30 September 2023	
		S\$'000	
<i>Details of the assets of disposal group reclassified as held-for-sale were as follows:</i>			
Cash and cash equivalents	(i)		66
Trade and other receivables			35,111
Investment properties			379,813
			414,990
<i>Details of the liabilities directly associated with disposal group reclassified as held-for-sale were as follows:</i>			
Trade and other payables	(ii)		36,568
Borrowings			33,133
Current income tax liabilities			6,216
Deferred income tax liabilities			67,025
			142,942

Note:

- i) Cash and cash equivalents for the disposal group comprise the following:

	Disposal Group as at 30 September 2023 S\$'000	
Cash at bank and on hand		28
Interest reserves		38
Cash and cash equivalents		66

- ii) Included in the trade and other payables is the security deposit for the master lease of Beigang amounted to RMB116.8 million (S\$21.8 million).
- iii) On 30 January 2023, the Purchasers and the Vendor had entered into a supplementary agreement (the “**Supplemental Agreement**”) to the Equity Purchase Agreement to extend the Long-Stop Date from 31 January 2023 to 28 February 2023 (or such other date as may be determined by the Vendor).

As announced by the Manager on 28 February 2023, the Long-Stop Date of the Proposed Divestment has been extended to (i) the earlier of (a) the new Mandatory Repayment deadline stipulated by the Lenders pursuant to the New Repayment Plan (if any) and (b) 30 April 2023; or (ii) such other later date as may be determined by the Vendor.

As announced by the Manager on 1 May 2023, the Vendor has on 28 April 2023 issued a written notice to the Sponsor and the Purchasers to extend the Long-Stop Date of the Proposed Divestment to (i) the earlier of (a) the new Mandatory Repayment deadline stipulated by the Lenders pursuant to the Extension and (b) 31 May 2023; or (ii) such other later date as may be determined by the Vendor.

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As announced by the Manager on 10 July 2023, Purchasers and the Vendor have on 9 July 2023, entered into a second supplementary agreement (the “**Second Supplemental Agreement**”). The Second Supplementary Agreement states that it shall take effect only upon the approval by independent Unitholders of ECW for the Second Supplementary Agreement (including the Long-Stop Date) being obtained at an extraordinary general meeting. The Second Supplementary Agreement provides for, among others, (i) the Long-Stop Date to be amended to 31 October 2023 or such other date as may be determined by the Vendor with the approval of the Monetary Authority of Singapore (“**MAS**”) and the independent Unitholders; (ii) the flexibility of a two-stage completion process (“**Two-Stage Completion**”) if the Vendor and the Purchasers provide their respective mutual consent in accordance with the Supplementary Agreement; (iii) the revised agreed property values of the Divestment Properties (the “**Revised Agreed Property Values**”), which have increased from their agreed property values under the Equity Purchase Agreement dated 30 September 2022; and (iv) the revised Relevant Mandatory Prepayment Amount. For the avoidance of doubt, the Equity Consideration remains fixed at RMB 1,370,000,000. The Second Supplemental Agreement was approved by ECW’s unitholders on 7 September 2023.

In accordance with the Trust Deed, the Manager is entitled to receive a divestment fee at the rate of 0.5% of the aggregate agreed property value only upon successful completion of the divestment. The Manager also incurred an estimated S\$2.2 million of transaction related expenses which can only be claimed from the Group upon successful completion of the divestment. Accordingly, these contingent liabilities will be recognized in the Group’s profit or loss only upon the successful completion of the divestment. As announced by the Manager on 21 July 2023, the Manager will consider the request from the Securities Investors Association (the “**SIAS**”) to waive the divestment fee. The Manager has been making regular update announcements relating to the Proposed Divestment since 15 May 2023.

As announced by the Manager on 26 October 2023, the Sponsor and the Purchasers have informed the Vendor that the Sponsor has not been able to obtain sufficient financing for the Proposed Divestment and hence the Sponsor and the Purchasers will not be able to complete the Proposed Divestment by the Long-Stop Date. Please refer to 1 b (i) Balance Sheet note 10 on the steps that the Manager has undertaken.

- (5) Represents the carrying values of the investment properties, including asset enhancement initiatives, effective rental adjustments and translation differences. The investment properties were pledged as security for the borrowings of ECW and its subsidiaries (collectively, the “**Group**”). The decrease in carrying amount of investment properties was mainly due to the weakening of RMB against SGD.

The carrying values of the Group’s investment properties as of 30 September 2023 were based on the independent valuations as at 31 December 2022 conducted by JLL. The valuation methods used by the independent valuers involves certain estimates. The independent valuers were of the view that the valuation techniques and estimates they had employed were reflective of the prevailing market conditions as at 31 December 2022. In light of the receivable collection status of ECW’s assets and latest market conditions in PRC, the valuation of the Group’s investment properties would likely be adversely impacted from the current carrying values as there were significant changes to the market conditions and changes in performance of the properties. Management is in the process of seeking advice on the valuations and carrying out an updated valuation exercise. Further update on the valuations would be provided in due course.

- (6) Increase in trade and other payables was mainly due to distribution payable to unitholders and receipt of partial consideration for disposal of assets during the period.

Please refer to item 1(c) (3) Cash Flow Statements for details.

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- (7) Consists of revolving credit facilities and term loan facilities drawn down in 3Q2019 which have been refinanced in May 2023. The decrease of borrowings was mainly due to repayment of onshore loan of RMB102.8 million (S\$19.9 million), offshore SGD loan of S\$37.3 million, offshore USD loan of US\$ 6.9 million (S\$9.2 million) and revolving credit facilities S\$7.2m. Due to various breaches under the onshore and offshore facilities announced previously and in (10) below, the non-current borrowings were reclassified to current as the lenders have the right to accelerate the repayment. Please refer to 1(b)(i) Balance Sheet note 10 for details. ECW has requested the Lenders to waive various breaches and not to accelerate the Facilities. The lenders are still in the process of evaluating various waiver requests and the Manager has not received any indication from the lenders that they intend to accelerate the Facilities or require any mandatory prepayment to be made as a result of those breaches.

Please refer to item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.

- (8) Relates mainly to the deferred tax liability arising from the fair valuation of investment properties.
- (9) Please refer to item 1(d)(i) Statement of Changes in Unitholders' Funds for details.
- (10) As at 30 September 2023, the current liabilities of the Group and ECW exceeded the current assets by S\$244,056,000 and S\$128,492,000 respectively. The Group has borrowings of S\$569,545,000 (including amounts presented within liabilities directly associated with disposal group classified as held for sale) which are due for repayment within the next 12 months from the reporting date.

As announced by the Manager on 28 August 2023, the Manager has assessed that there is a high risk of non-collection of the outstanding rent receivables. Please refer to 1 (b) (i) Balance sheet note 3 for details. As more than 80% of the revenue of the ECW Group comes from rental income pursuant to related party leases with the Sponsor Group, accordingly, if the Sponsor Group does not pay a sufficient amount of the rent receivables going forward, the ECW Group will be unable to maintain its operating and financing requirements.

As announced by the Manager on 30 August 2023 and 4 September 2023, the ECW Group would not be able to fully repay the offshore interest due on 31 August 2023, the facilities agent agreed to the Manager's request to release part of the offshore interest reserve of approximately S\$3.4 million in order to fully repay the offshore loan interest expenses. Pursuant to the terms of the offshore facilities, the interest reserve must be topped up by the ECW Group within five business days of such release. The breach of this requirement would result in an event of default pursuant to the offshore facilities and also triggers a cross-default under the existing onshore facilities of the ECW Group. The Board has decided to suspend the trading of the units on a voluntary basis in view of the above developments.

As announced by the Manager on 12 September 2023, the Manager had requested for an extension of the deadline to top up the offshore interest reserve and had also requested that the relevant lenders under the facilities not accelerate the facilities or require any mandatory prepayment to be made as a result of the suspension of trading in the Units. As at the date of this announcement, the relevant lenders under the facilities are in the process of reviewing the Manager's requests.

As announced by the Manager on 21 September 2023, approximately RMB11.3 million of the onshore interest reserve has been released and used to fully repay the ECW Group's onshore interest expenses due on 20 September 2023. As the onshore facilities do not specify the deadline by which the onshore interest reserve must be topped up, this timing is currently subject to ongoing discussions between the onshore lenders under the onshore facilities and the ECW Group.

As announced by the Manager on 27 September 2023, ECW World REIT is not able to make distribution to unitholders for the first half year ended 30 June 2023 due on 28 September 2023 due

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to insufficient funds. The payment of the distribution will be deferred to a future date when the ECW World REIT has sufficient free cash for the distribution.

Notwithstanding, the financial statements are prepared on a going concern basis as the Manager has undertaken the following steps:

- (1) working with the Sponsor Group on the repayment plan of the outstanding rent receivables and its payment obligations;
- (2) appointing independent consultants to evaluate the market rental of the assets being leased under the master leases for the purpose of formulating a new leasing strategy for these assets;
- (3) the Manager is in the process of appointing at least two independent consultants to evaluate the possibility of divesting one or more properties of the ECW Group (including but not limited to the divestment properties) to third parties via open market sales, in order to enable ECW Group to meet its relevant mandatory prepayment obligations under the facilities;
- (4) appointing legal advisers to provide advices in relation to the master leases and among others, the possible termination of the Proposed Divestment;
- (5) the Manager intends to appoint financial advisers to explore various options to ECW to address its ongoing challenges.

Should these steps fail to address the above-mentioned circumstances arose from the delay in collection of related party rent receivables and the non-completion of the Proposed Divestment, ECW Group may have insufficient funds to maintain its operations and would not be able to prepare its financial statements on a going concern basis. 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 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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1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	Group	
	30.9.23	31.12.22
	S\$'000	S\$'000
Secured borrowings		
Amount repayable in one year or less	535,605	594,822
Less: Unamortised debt issuance costs	(4,495)	(1,686)
Total borrowings	531,110	593,136

Notes:

Details of Collaterals and Borrowings

The key terms of the onshore secured term loans facility (the “**Onshore Facility**”) and the offshore secured term loan facility (the “**Offshore Facility**”) are as follows:

(a) Onshore Facility

In 2019, ECW had put in place 3-year (originally expiring in end July 2022) RMB1,018.0 million (S\$190.3 million) and 10-year (expires in July 2029) RMB77.0 million (S\$14.4 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..

On 28 June 2022, the Onshore Borrowers entered into an amendment and restatement agreement relating to the original onshore facility agreement to, inter alia, extend the maturity date of the Onshore Facilities (save for a RMB 63,749,144 (S\$11.9 million) portion of the Onshore Facility which will expire in July 2029) to 30 April 2023. Based on the Restated Onshore Facility Agreement, at least 25% of the loans outstanding shall be repaid by 31 December 2022 (the “**Mandatory Onshore Repayment**”). The Mandatory Onshore Repayment deadline has been extended from 31 December 2022 to 28 February 2023 in January 2023 and further extended to 31 May 2023 in Apr 2023.

As announced by the Manager on 5 June 2023, the existing onshore bank loans have been refinanced in full with an onshore facility for an aggregate principal amount of up to RMB745.5 million (the “**2023 Onshore Facility**”).

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As at 30 September 2023, the onshore facility was secured by way of:

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

The blended all-in interest rate for the quarter and 9 months ended 30 September 2023 was 7.0% and 7.1% respectively. The blended all-in running interest rate for the quarter and 9 months ended 30 September 2023 was 6.0% and 5.8% respectively.

(b) Offshore Facility

In 2019, ECW has put in place 3-year (originally expiring in May 2022) S\$305.6 million and US\$86.8 million (S\$118.5 million) secured term loan facility. The borrowers are ECW Treasure Pte. Ltd. (“ECWT”) and Zhejiang Fuzhou E-commerce Co., Ltd..

On 31 May 2022 the offshore borrowers entered into an amendment and restatement agreement relating to the Original Facility Agreement (“Restated Offshore Facility Agreement”) to, inter alia, extend the maturity date of the Offshore Facilities to the earlier of (i) the earliest maturity date of the Onshore Facilities and (ii) 30 April 2023. Based on the Restated Offshore Facility Agreement, at least 25% of the loans outstanding shall be repaid by 31 December 2022 (the “**Mandatory Offshore Repayment**”, and together with the “**Mandatory Onshore Repayment**”, the “**Mandatory Repayment**”). (Please refer to 1(b)(ii) point (d) for details).

(b) Offshore Facility (continued)

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As announced by the Manager on 6 June 2023, the existing offshore bank loans have been refinanced in full with an offshore facility for an aggregate principal amount of up to SGD348.9 million (the “**2023 Offshore Facility**”, together with the “**2023 Onshore Facility**”, the “**2023 Facilities**”).

As at 30 September 2023, the offshore facility was secured by:

- i) An unconditional and irrevocable guarantee from the Singapore Holding Companies, Flutric Investments Limited (the “BVI Holding Company”) and the Trustee (in its capacity as trustee of ECW) on a joint and several basis;
- ii) A charge over the entire issued share capital of each of the Singapore Holding Companies, the BVI Holding Company and ECW Treasure Pte. Ltd. (“**ECWT**”);
- iii) A pledge over the entire issued equity interest of each of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd;
- iv) A mortgage over each of the Properties and a floating mortgage over the assets of Zhejiang Fuzhou E-commerce Co., Ltd., in each case, securing the term loan facility of S\$9.8 million and US\$2.0 million; 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 9 months ended 30 September 2023 was 8.3% and 7.2% respectively. The blended all-in running interest rate for the quarter and 9 months ended 30 September 2023 was 7.2% and 6.3% respectively. As at 30 September 2023, 52% 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.

Mr. Zhang Guobiao, the chairman and controlling shareholder of the Sponsor, has provided personal guarantees for an amount of S\$75.7 million in respect of the 2023 Facilities.

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(c) Revolving Credit Facilities

As at 30 September 2023, ECW has uncommitted revolving credit facilities of S\$90.0 million with United Overseas Bank Ltd (“UOB”) and Bank of East Asia Limited, Singapore Branch (“BEA”). ECW had drawn down a total of S\$82.3 million short-term loans backed by SBLC issued by United Overseas Bank (China) Ltd and Bank of East Asia (China) Limited. The SBLC is collateralised against a total cash deposit of RMB474.4 million (S\$88.7 million). The interest rates ranged from 5.05% to 5.4875% per annum for the quarter and 4.19% to 5.55% for 9 months ended 30 September 2023.

The blended all-in interest rate of the aggregate facilities for the quarter and 9 months ended 30 September 2023 was 7.4% and 6.9% respectively. The blended all-in running interest rate for the quarter and 9 months ended 30 September 2023 was 6.5% and 6.0% respectively. At the end of the period, the Aggregate Leverage for the Group was 36.9% (31 December 2022: 38.8%) and the interest coverage ratio¹ was 2.28 times (31 December 2022: 2.68 times). Due to the changing global economic conditions, ECW expects the blended interest rates for the Offshore Facilities and Revolving Credit Facilities will increase further due to a small portion of offshore loans unhedged.

(d) Mandatory Repayment during the year

On 9 January 2023, the Group’s lenders agreed to extend the Mandatory Repayment due date from 31 December 2022 to 28 February 2023. Subsequently on 28 April 2023, lenders have consented to the extension of the termination date of the existing bank loans to 31 May 2023.

Between January 2023 and March 2023, the Group made a partial settlement of the Mandatory Repayment totaling RMB87.9 million (S\$17.0 million) towards Onshore Facilities, SGD37.3 million and USD6.9 million (S\$9.2 million) for the Offshore Facility. The proceeds for the partial settlements were from the prepayments received from the Purchasers of the Proposed Divestment. Net of the partial prepayment of S\$63.5 million disclosed above, the remaining mandatory repayment as per the 2023 Facilities agreement, is estimated to be S\$84.3 million.

(e) 2023 Facilities financial covenants

The Group shall, at all times meet the following financial covenants:

	Before Proposed Divestment	After Proposed Divestment
Unitholders’ funds being no less than	S\$500 million	S\$450 million
Loan-to-value ratio being no more than	0.45 to 1	0.45 to 1
Interest coverage ratio being no less than	2 to 1	1.75 to 1
Ratio of the total liabilities to the Deposited Property being no less than	0.40 to 1	0.40 to 1

¹ calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.

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1(c) Cash Flows Statement

		Group			
		1.7.23 to 30.9.23	1.7.22 to 30.9.22	1.1.23 to 30.9.23	1.1.22 to 30.9.22
		S\$'000	S\$'000	S\$'000	S\$'000
	Notes				
Cash Flows from Operating Activities					
Total return for the financial period					
		5,959	12,637	17,289	(10,484)
Adjustments for:					
-	Income tax	5,463	5,671	17,933	10,732
-	Interest income	(385)	(489)	(1,278)	(1,540)
-	Finance cost	11,758	10,609	34,602	30,661
-	Effect of straight lining of step-up rental	287	(45)	771	(255)
-	Effect of security deposits accretion	(718)	(786)	(2,180)	(2,384)
-	Fair value gain on derivative instruments	(273)	(5,784)	206	(12,362)
-	Fair value loss on investment properties	-	-	-	54,442
-	Exchange loss	869	3,100	1,083	4,788
Operating cash flow before working capital change		22,960	24,913	68,426	73,598
Changes in working capital:					
Trade and other receivables					
		(21,844)	(4,360)	(31,494)	13,762
Trade and other payables					
		(38)	(15,930)	2,080	(1,338)
Cash generated from operating activities		1,078	4,623	39,012	86,022
Interest received					
		386	489	1,279	1,540
Income tax paid (net)					
		(682)	(3,741)	(5,762)	(14,450)
Net cash generated from operating activities		782	1,371	34,529	73,112
Cash Flows from Investing Activities					
Additions to investment properties					
		-	-	(23)	-
Proceeds from disposal of investment properties					
		-	15,314	-	15,314
Receipt of partial consideration for disposal of assets					
	(3)	-	-	25,864	-
Net cash generated from investing activities		-	15,314	25,841	15,314
Cash Flows from Financing Activities					
Repayment of bank borrowings					
	(1)	(7,200)	(48,591)	(73,609)	(88,402)
Distribution to Unitholders					
		-	(11,233)	(2,896)	(34,875)
Proceeds from bank borrowings					
	(1)	-	19,900	-	35,400
Payment of loan transaction fees					
		(895)	(224)	(7,188)	(4,457)
Interest paid					
		(9,672)	(3,090)	(25,875)	(22,671)
SBLC commission paid					
		-	(65)	(31)	(171)
Release/(placements) of deposits for SBLC facilities, net					
		6,304	7,248	5,524	15,815
Release from/(deposit to) escrow account, net					
	(2)	-	22,025	36,913	-
Release from/(refund to) interest reserves, net					
		5,489	-	4,509	-
Net cash used in financing activities		(5,974)	(14,030)	(62,653)	(99,361)
Net (decrease)/increase in cash and cash equivalents		(5,192)	2,655	(2,283)	(10,935)
Cash and cash equivalents at beginning of financial period					
		9,128	8,981	6,335	22,713
Effects of exchange rate changes on cash and cash equivalents					
		(4)	(151)	(120)	(293)
Cash and cash equivalents at the end of financial period					
	(2)	3,932	11,485	3,932	11,485

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Notes

- (1) Refer to Item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (2) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	30.9.23	30.9.22
	S\$'000	S\$'000
Cash and cash equivalents (incl disposal group)	106,381	136,342
Less:		
- Interest reserves [#]	(11,687)	(15,856)
- Escrow Account*	(2,097)	-
- Cash collateral for SBLC facilities	(88,665)	(109,001)
Cash and cash equivalents per consolidated statement of cash flows	3,932	11,485

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

* On 30 December 2022, the Sponsor placed a margin deposit of RMB200 million (S\$38.7 million) (the “**Margin Deposit**”) in an escrow account of the onshore facility agent under the Existing Onshore Bank Loans (“**Escrow Account**”). On 10 February 2023, RMB140.2 million (S\$27.1 million) was used to repay S\$24.4 million and US\$2.9 million of the existing offshore bank loans, RMB58.6 million (S\$11.3 million) was used for partial repayment of the existing onshore bank loans.

On 28 February 2023, the Sponsor placed a margin deposit RMB58 million (S\$11.3 million) in the escrow account. In March 2023, RMB29.3 million (S\$5.7 million) was used for partial repayment of the existing onshore bank loans, RMB18.6 million (S\$3.6 million) was used to repay S\$2.8 million and US\$0.6 million of the existing offshore bank loans.

The margin deposits constituted prepayment in part by the Purchasers to the Vendor of the Equity Consideration pursuant to the Equity Purchase Agreement. As at 30 September 2023, the aggregated outstanding amount of the margin deposits of RMB11.2 million was remitted to Singapore and used to repay the Offshore loan of S\$2.1 million on 18 October 2023.

- (3) In addition, between January 2023 to March 2023, the Sponsor’s Singapore subsidiary, Forchn International Pte. Ltd. had paid a sum of S\$4.4 million, and US\$7.6 million (S\$10.2 million) as partial consideration for Divestment Properties. All these prepayments have been utilised for the partial repayment of the existing Offshore Facility.

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1(d)(i) Statements of Changes in Unitholders’ Funds

	Group		Group	
	1.7.23 to 30.9.23	1.7.22 to 30.9.22	1.1.23 to 30.9.23	1.1.22 to 30.9.22
	S\$’000	S\$’000	S\$’000	S\$’000
OPERATIONS				
Balance as at beginning of the period	785,711	772,222	777,277	818,988
Total return after tax	5,959	12,637	17,289	(10,484)
Distributions to unitholders	(18,816)	(11,233)	(21,712)	(34,875)
Transfer to general reserves	-	-	-	(3)
Balance as at end of the period	772,854	773,626	772,854	773,626
GENERAL RESERVES				
Balance as at beginning of the period	33,155	27,258	33,155	27,255
Transfer from operations	-	-	-	3
Balance as at end of the period	33,155	27,258	33,155	27,258
UNITHOLDERS’ CONTRIBUTION				
Balance as at beginning of the period	(77,627)	(77,627)	(77,627)	(77,893)
Movement during the period				
- Manager’s performance fees paid in units	-	-	-	266
Balance as at end of the period	(77,627)	(77,627)	(77,627)	(77,627)
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance as at beginning of the period	(161,344)	(43,144)	(125,811)	(16,597)
Translation differences relating to financial statements of foreign subsidiaries	(395)	(35,524)	(35,928)	(62,071)
Balance as at end of the period	(161,739)	(78,668)	(161,739)	(78,668)
Total Unitholders’ funds as at end of the period	566,643	644,589	566,643	644,589

	ECW		ECW	
	1.7.23 to 30.9.23	1.7.22 to 30.9.22	1.1.23 to 30.9.23	1.1.22 to 30.9.22
	S\$’000	S\$’000	S\$’000	S\$’000
OPERATIONS				
Balance as at beginning of the period	(688)	8,462	(13,772)	(20,880)
Total return after tax	8,227	853	24,207	53,837
Distributions to unitholders	(18,816)	(11,233)	(21,712)	(34,875)
Balance as at end of the period	(11,277)	(1,918)	(11,277)	(1,918)
UNITHOLDERS’ CONTRIBUTION				
Balance as at beginning of the period	(77,627)	(77,627)	(77,627)	(77,893)
Movement during the period				
- Manager’s performance fees paid in units	-	-	-	266
Balance as at end of the period	(77,627)	(77,627)	(77,627)	(77,627)
Total Unitholders’ funds as at end of the period	(88,904)	(79,545)	(88,904)	(79,545)

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1(d)(ii) Details of Any Change in Units

Group and ECW					
		1.7.23 to 30.9.23	1.7.22 to 30.9.22	1.7.23 to 30.9.23	1.1.22 to 30.9.22
		Units	Units	Units	Units
Balance as at beginning of period	Note	809,838,247	809,838,247	809,838,247	809,491,511
- Manager's fees paid in units		-	-	-	346,736
Issued units as at the end of period		809,838,247	809,838,247	809,838,247	809,838,247
Units to be issued	(1)				
- Manager's fees payable in units		-	-	-	-
Total issued and to be issued units		809,838,247	809,838,247	809,838,247	809,838,247

Note

- (1) These are units to be issued to the Manager as payment for its base fees and performance fees at an issue price which is computed based on the 10-business day volume-weighted average price of ECW traded on the SGX-ST. During the period, no new units was issued (30 September 2022: 346,763 new units), in respect of the payment of management fees in units.

The Manager received 100% of its base fee and performance fee in the form of units for the period from the Listing Date to 31 December 2017 as stated in the Prospectus (pages 32 and 119). Subsequently, the Manager may elect to receive base fee and performance fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine) from 2018. The Manager has elected to receive 100% of its base fee in the form of cash for the period from 1 January 2023 to 31 December 2023.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard, (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures in this announcement have neither been audited nor reviewed by the auditors.

- 3. Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied**

ECW has applied the same accounting policies and methods of computation in the preparation of financial statements for the current reporting period compared with the unaudited financial statement for the financial year ended 31 December 2022.

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5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

Not applicable.

6. Earnings Per Unit ("EPU") and Calculated Distribution Per Unit ("DPU")

		Group			
Notes		1.7.23 to 30.9.23	1.7.22 to 30.9.22	1.7.23 to 30.9.23	1.1.22 to 30.9.22
	Weighted average number of units as at end of period	809,838,247	809,838,247	809,838,247	809,725,209
(1)	Earnings per unit ("EPU") - Basic and Diluted (cents)	0.74	1.56	2.13	(1.29)
	Number of units entitled to distribution	809,838,247	809,838,247	809,838,247	809,838,247
(2)	Calculated Distribution per unit ("DPU") (cents)	0.916	1.364	2.969	4.134
	Calculated Distribution per unit ("DPU") (cents) - Annualised	3.634	5.412	3.970	5.527

Notes

- (1) 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.
- (2) DPU was computed and rounded based on the number of units entitled to distribution at the end of the period. The next distribution to Unitholders will be for the half-year period from 1 July 2023 to 31 December 2023.

7. Net Asset Value ("NAV") / Net Tangible Asset ("NTA") Per Unit

	As at 30.09.23	As at 31.12.22
NAV / NTA of Group - attributable to Unitholders (S\$'000)	566,643	606,994
NAV / NTA of REIT (S\$'000)	(88,904)	(91,399)
Number of units outstanding as at end of each period ('000)	809,838	809,838
Group's net asset value per unit (S\$)	0.70	0.75
ECW's net asset value per unit (S\$)	(0.11)	(0.11)

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8. Review of the Performance

(i) Review of performance for the quarter ended 30 September 2023

Gross revenue of S\$27.0 million was S\$2.8 million or 9.5% lower compared to 3Q2022. Net property income (“NPI”) of S\$24.7 million was S\$2.3 million or 8.5% lower compared to 3Q2022. The weakening of RMB against SGD has a material impact on the ECW’s financial performance. In RMB terms, the gross revenue was 0.9% lower whereas NPI was 0.3% higher compared to 3Q2022. After straight-line rental adjustment, rental security deposit accretion and other relevant distribution adjustments, gross revenue and NPI in RMB terms was 0.3% and 1.7% higher respectively compared to 3Q2022, mainly due to higher late fee income, organic rental escalations coupled with lower operating expenses at the Properties.

Finance costs of S\$11.8 million were S\$1.1 million or 10.8% higher compared to 3Q2022 mainly due to higher interest rate in the quarter compared to 3Q2022.

Calculated Distribution to Unitholders of S\$7.4 million represents S\$3.6 million or 32.9% decrease compared to 3Q2022, partly due to the assumed retention for general working capital purpose. Excluding which, Calculated Distribution to Unitholders would have been S\$8.2 million, representing a year-on-year decline of S\$2.8 million or 25.4%, which was mainly due to lower revenue and higher finance cost.

(ii) Review of performance for the 9 months ended 30 September 2023

Gross revenue of S\$82.7 million was S\$10.4 million or 11.2% lower compared to 9 months ended 30 September 2022 (“9M2022”). Net property income of S\$76.5 million was S\$8.4 million or 9.9% lower compared to 9M2022. The weakening of RMB against SGD has a material impact on the ECW’s financial performance. In RMB terms, the gross revenue and NPI were 2.9% and 1.5% lower respectively compared to 9M2022. After straight-line rental adjustment, rental security deposit accretion and other relevant distribution adjustments, gross revenue and NPI in RMB terms was 1.8% and 0.2% lower respectively compared to 9M2022, mainly due to cessation of income contribution from Fu Zhuo Industrial from 1 Apr 2022, lower rental income from Meiluote as a result of lower occupancy rate and lower late fee income, offset by the impact of organic rental escalations and lower operating expenses at the Properties.

Finance costs of S\$34.6 million were S\$3.9 million or 12.9% higher compared to 9M2022 mainly due to higher interest rate and extension fee incurred during the period.

Calculated Distribution to Unitholders of S\$24.0 million represents S\$9.4 million or 28.2% decrease compared to 9M2022, mainly due to lower revenue, higher interest cost, 10% retention of the distributable income for 9M2023 for general working capital purpose, and absence of pay out distribution previously retained in prior periods.

9. Variance between the forecast

ECW did not disclose any financial forecast to the market.

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10. 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

ECW and its subsidiaries are owed more than RMB 171 million in overdue receivables. The units trading has been suspended since 31 Aug 2023. Further, ECW deferred its first half FY2023 distribution payment to a future date when the REIT has sufficient free cash for the distribution. These may give rise to an event of default, amongst others, under group’s existing onshore and offshore facilities. The proposed divestment of Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics could not be completed by the Divestment Long-Stop date of 31 October 2023 as the Sponsor Group was unable to obtain sufficient financing for the proposed divestment in time. The lessee in relation to Hengde Logistics, China Tobacco Zhejiang Industrial Co., Ltd, decided not to renew the lease for Hengde Phase 1 when existing lease terminates on 31 December 2023. In light of the receivable collection status of ECW’s assets and latest market conditions in PRC, the valuation of the Group’s investment properties would likely be adversely impacted from the current carrying values. This in turn will lead to increase of the leverage ratio of ECW Group. With the high finance costs regime, the general decline in real estate market performance in terms of rental rates and occupancy rate, coupled with the challenges posed by the Mandatory Repayment requirements and delay in collection of the rental receivables from related parties including master lessees, ECW will continue to face serious financial and cash flow stress in the short to medium term.

China’s economy expanded by 4.9% year-on-year in the third quarter of 2023 and 1.3% quarter-on-quarter. According to NBS data², consumer spending has improved markedly with retail sales and industrial production activity reporting 5.5% and 4.5% growth respectively in September. Amongst which, online retail sales jumped 11.6% year-on-year to RMB 10.82 trillion³.

Fixed asset investment increased 3.1% year-on-year in the first nine months of the year⁴. The property sector remains a drag on the economy, with property investment tumbling 9.1% year-on-year in the first nine months of 2023⁵.

Global economy is forecasted by IMF to grow 3% in 2023 and 2.9% in 2024⁶. The tight policy stances needed to bring down inflation and to face the fallout from the recent deterioration in financial conditions, the ongoing war in Ukraine, possible escalation of the Israel-Hamas war poses a major risk to the global economy, driving up energy prices and disrupting key trade routes. As interest rates will only likely reduce toward their pre-pandemic levels once inflation rates are back to targets, higher interest rates will continue to prevail in the short term⁷.

² <https://www.cnbc.com/2023/10/18/china-economy-q3-gdp.html>

³ http://www.stats.gov.cn/english/PressRelease/202310/t20231024_1943887.html

⁴ <https://www.channelnewsasia.com/business/china-sept-industrial-output-rises-45-y-y-retail-sales-beat-forecasts-3854316>

⁵ <https://www.straitstimes.com/business/china-q3-economic-growth-beats-market-forecast-headwinds-persist>

⁶ <https://www.cnbc.com/2023/10/10/imf-raises-us-growth-forecast-leaves-global-outlook-unchanged.html>

⁷ <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
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11. Distribution

(a) Current financial period

Any distributions declared for the current financial period? No

(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 1.364 cents per unit was declared for the period from 1 July 2022 to 30 September 2022.

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

No distribution has been declared for the period from 1 July 2023 to 30 September 2023. On 27 December 2022, the Manager has announced that ECW will make distributions on a half-yearly basis, in respect of the periods commencing on or after 1 January 2023. The next distribution to Unitholders will be for the period from 1 July 2023 to 31 December 2023.

13. 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.

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14. Segmental results

	Group							
	1.7.23 to 30.9.23		1.7.22 to 30.9.22		1.1.23 to 30.9.23		1.1.22 to 30.9.22	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Gross revenue								
- Port logistics	11,251	41.7	12,353	42.3	34,448	41.6	38,828	41.7
- Specialised logistics	2,827	10.5	3,082	10.0	8,668	10.5	9,522	10.2
- E-commerce logistics	12,923	47.8	14,395	47.7	39,599	47.9	44,804	48.1
	27,001	100.0	29,830	100.0	82,715	100.0	93,154	100.0
Net property income								
- Port logistics	10,469	42.3	11,223	43.9	32,397	42.3	36,201	42.6
- Specialised logistics	2,538	10.3	2,705	10.0	7,868	10.3	8,462	10.0
- E-commerce logistics	11,741	47.4	13,123	46.1	36,277	47.4	40,327	47.4
	24,748	100.0	27,051	100.0	76,542	100.0	84,990	100.0

Please refer to Item 8 for review of actual performance.

15. In review of performance, the factors leading to any changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Item 8 for review of actual performance.

16. Breakdown of sales

	Group		
	1.1.23 to 30.9.23	1.1.22 to 30.9.22	Change
	S\$'000	S\$'000	%
<u>First half of the year</u>			
Gross revenue	55,714	63,324	(12.0)
Net property income	51,794	57,939	(10.6)
<u>Second half of the year</u>			
Gross revenue	27,001	29,830	(9.5)
Net property income	24,748	27,051	(8.5)

Please refer to Item 8 for review of actual performance.

**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

17. Breakdown of total distribution for the financial period ended 30 September 2023

	Group	
	1.1.23 to 30.9.23	1.1.22 to 30.9.22
	S\$'000	S\$'000
In respect of the period:		
1 January 2022 to 31 March 2022	-	11,200
1 April 2022 to 30 June 2022	-	11,233
1 July 2022 to 30 September 2022	-	11,046
1 January 2023 to 31 March 2023	9,128	-
1 April 2023 to 30 June 2023	7,495	-
1 July 2023 to 30 September 2023	7,416	-
<i>(Next distribution will be for the period from 1 July 2023 to 31 December 2023)</i>		
	24,039	33,479

18. 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.

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

Not applicable as there was no distribution declared for the period from 1 July 2023 to 30 September 2023.

20. 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 interim financial statements of the Group and ECW (comprising the statement of financial position as at 30 September 2023, statement of total return & distribution statement, statement of cash flows and statement of movements in Unitholder's funds for the quarter ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**

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
7 Nov 2023