

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

CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2024

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INTRODUCTION

EC World REIT (the “**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 927,157⁽¹⁾ 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)⁽¹⁾;
7. Fuzhou E-Commerce (E-commerce logistics).

Note:

- (1) There was an adjustment in NLA from 954,299 square meters to 927,157 square meters, due to the change in nature of leases from master leases to multiple tenant leases.

Summary Results of ECW

		Group					
		1.4.24 to 30.6.24	1.4.23 to 30.6.23	Change	1.1.24 to 30.6.24	1.1.23 to 30.6.23	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Gross revenue	(1) 25,937	27,580	(6.0)	51,233	55,714	(8.0)
	Net property income	(1) 23,881	25,716	(7.1)	47,192	51,794	(8.9)
	Calculated Distribution to Unitholders	6,212	7,495	(17.1)	13,532	16,623	(18.6)
	Calculated Distribution per unit ("DPU") (cents)	(2) 0.767	0.926	(17.2)	1.671	2.053	(18.6)
	Annualised distribution yield (%)	11.02	11.43	(3.6)	11.97	12.74	(6.0)

- Based on share price of S\$0.28 per unit as at 28 August 2023
(S\$0.325 per unit as at 30 June 2023)

Notes:

- (1) Gross revenue and net property income for 2Q2024 were S\$25.9 million and S\$23.9 million respectively. After adjusting for effective rent, security deposit accretion and other relevant distribution adjustments in the Condensed Consolidated Distribution Statement, gross revenue and net property income were S\$25.3 million and S\$23.3 million respectively in 2Q2024 (2Q2023: S\$27.1 million and S\$25.2 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. Since ECW's first distribution on 28 November 2016 up to the period ending 31 December 2022, ECW had been making distributions on a quarterly basis. On 27 December 2022, the Manager had announced that ECW will make distributions on a half-yearly basis, in respect of the periods commencing on or after 1 January 2023.

10% of the total amount available for distribution was retained by ECW for its general working capital purpose for the financial period with effect from 1 January 2023.

ECW's distribution in relation to the half-year period from 1 January 2023 to 30 June 2023 ("1H 2023") intended to be made on 28 September 2023, had been deferred to a future date when ECW has sufficient free cash for the said distribution. Due to insufficient funds, there was no distribution for the period from 1 July 2023 to 31 December 2023 ("2H2023").

There will be no distribution for the half-year period from 1 January 2024 to 30 June 2024 ("1H2024"). As per the offshore facility agreement, permitted distribution means the payment of a dividend by ECW to any holder in accordance with the Trust Deed of ECW, provided that (a) no default is continuing or would occur immediately after the making of the payment; and (b) the borrowers under the offshore facility agreement are in compliance with the requirement in Clause 20 (Financial Covenant) whether before, on or after such payment. Based on ECW's current cash situation, ECW is not able to fulfil, from the deposited property of ECW, its liabilities as they fall due.

Please refer to the Condensed Consolidated Distribution Statement for the calculated DPU computation.

EC WORLD REAL ESTATE INVESTMENT TRUST
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CONSOLIDATED STATEMENT OF TOTAL RETURN

For the six months ended 30 June 2024

	Notes	6 months ended 30 June 2024 S\$'000	Group 6 months ended 30 June 2023 S\$'000	Change %	Remark
Gross revenue		51,233	55,714	(8.0)	(1)
Property expenses		(4,041)	(3,920)	3.1	(2)
Net property income		47,192	51,794	(8.9)	
Finance income		(891)	893	N/M	(3)
Finance costs		(22,910)	(22,844)	0.3	(4)
Manager's base fees		(1,671)	(2,052)	(18.6)	(5)
Trustee's fees		(95)	(152)	(37.5)	
Exchange differences		(3,748)	(2,034)	84.3	(6)
Other trust expenses		(720)	(1,326)	(45.7)	(7)
Net income		17,157	24,279	(29.3)	
Net change in fair value of investment properties		(77,034)	-	N/M	(8)
Net change in fair value of financial derivatives		1,879	(479)	N/M	(9)
Total return for the period before income tax		(57,998)	23,800	N/M	
Income tax expenses	7	8,804	(12,470)	N/M	
Total return for the period after income tax before distribution		(49,194)	11,330	N/M	
Earnings per unit (cents)					
- Basic and diluted	8	(6.07)	1.40	N/M	(10)

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

EC WORLD REAL ESTATE INVESTMENT TRUST
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CONSOLIDATED STATEMENT OF TOTAL RETURN
For the six months ended 30 June 2024

Remarks:

- (1) Gross revenue comprises gross rental income and other income from the investment properties. Gross revenue may be adjusted when negotiation of a master offset agreement with the Sponsor Group (the “**Master Offset Agreement**”) is completed subsequently.
- (2) Property expenses comprise property management fee, reimbursable expenses payable to property manager and other property related expenses.
- (3) Finance income comprise interest come arising from bank deposits placed with financial institutions. The negative finance income was due to the reversal of interest income arising from the early release of SBLC deposits upon settlement of revolving credit facilities in April 2024.
- (4) Finance costs comprise interest expenses on borrowings, amortisation of capitalised transaction costs and other financing fees.
- (5) 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 2024 to 31 December 2024.
- (6) Foreign exchange losses arise mainly from revaluation of loans in foreign currency.
- (7) Other trust expenses include professional fees and other non-property related expenses.
- (8) The investment properties were revalued on 30 June 2024 by Savills Real Estate Valuation (Guangzhou) Ltd - Shanghai Branch (“**Savills**”).
- (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.

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CONSOLIDATED STATEMENT OF TOTAL RETURN
For the six months ended 30 June 2024

(10) EPU calculation uses the total return for the period after tax, and the weighted average number of units issued. The diluted EPU is the same as basic EPU as no dilutive instruments were in issue during the period.

	6 months ended 30 June 2024	6 months ended 30 June 2023
Weighted average number of units as at end of period	809,838,247	809,838,247
Earnings per unit ("EPU") – Basic and Diluted (cents)	(6.07)	1.40

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EC WORLD REAL ESTATE INVESTMENT TRUST
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STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW
As at 30 June 2024

	Note	Group			ECW			Remark
		30 June 2024 S\$'000	31 December 2023 S\$'000	Change %	30 June 2024 S\$'000	31 December 2023 S\$'000	Change %	
ASSETS								
Current assets								
Cash and bank balances		26,471	100,964	(73.8)	92	106	(13.2)	(1)
Trade and other receivables		141,377	98,687	43.3	3,545	3,478	1.9	(2)
Loans to subsidiaries		-	-	N/M	237,031	237,057	(0.0)	
		<u>167,848</u>	<u>199,651</u>	(15.9)	<u>240,668</u>	<u>240,641</u>	0.0	
Non-current assets								
Investment properties	9	733,022	805,629	(9.0)	-	-	N/M	(4)
Investments in subsidiaries		-	-	N/M	39,588	39,588	-	
		<u>733,022</u>	<u>805,629</u>	(9.0)	<u>39,588</u>	<u>39,588</u>	-	
Total assets		<u>900,870</u>	<u>1,005,280</u>	(10.4)	<u>280,256</u>	<u>280,229</u>	(0.0)	
LIABILITIES								
Current liabilities								
Trade and other payables		209,029	193,372	8.1	23,586	23,362	1.0	
Loans from subsidiaries		-	-	N/M	331,749	343,615	(3.5)	
Borrowings	10	493,078	559,079	(11.8)	-	-	N/M	(5)
Derivative financial instruments		-	1,879	N/M	-	-	N/M	(3)
Current income tax liabilities		35,681	33,366	6.9	-	-	N/M	
		<u>737,788</u>	<u>787,696</u>	(6.3)	<u>355,335</u>	<u>366,977</u>	(3.2)	
Non-current liabilities								
Trade and other payables		527	231	>100	-	-	N/M	
Borrowings	10	7,128	-	N/M	-	-	N/M	(5)
Deferred income tax liabilities		105,044	121,741	(13.7)	-	-	N/M	(6)
Government grant		728	751	(3.1)	-	-	N/M	
		<u>113,427</u>	<u>122,723</u>	(7.6)	<u>-</u>	<u>-</u>	N/M	
Total liabilities		<u>851,215</u>	<u>910,419</u>	(6.5)	<u>355,335</u>	<u>366,977</u>	(3.2)	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS								
		<u>49,655</u>	<u>94,861</u>	(47.7)	<u>(75,079)</u>	<u>(86,748)</u>	(13.5)	
Represented by:								
UNITHOLDERS' FUNDS		<u>49,655</u>	<u>94,861</u>	(47.7)	<u>(75,079)</u>	<u>(86,748)</u>	(13.5)	(7)
UNITS IN ISSUE ('000)	11	809,838	809,838	-	809,838	809,838	-	
NET ASSET VALUE PER UNIT (S\$)		<u>0.06</u>	<u>0.12</u>	(50.0)	<u>(0.09)</u>	<u>(0.11)</u>	(18.2)	

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STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW
As at 30 June 2024

Remarks:

- (1) Includes cash deposits of RMB121.2 million (S\$22.7 million) placed as collateral for standby letter of credit (“**SBLC**”) issuance. As at 30 June 2024, cash collaterals for SBLC facilities were placed with Bank of East Asia (China) Limited which have good credit rating.
- (2) 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 year. The master lease agreements are secured by the cash security deposit of RMB345.1 million (S\$64.5 million) fully paid by master lessees at the inception of the master leases. Under the master lease agreements, the overdue rent receivables are subjected to a late payment interest of 0.03% per day.

The Group is carefully monitoring the collection status of the outstanding rent receivables and will recognise impairment allowance where required.

As of 30 June 2024, the overdue rent receivables owing to ECW and its subsidiaries (collectively, the “**ECW Group**”) by the Sponsor and its subsidiaries (collectively, the “**Sponsor Group**”) has exceeded RMB499.1 million (S\$93.3 million). Of the outstanding rent receivables, RMB424.6 million (S\$79.4 million) represents the rent payable pursuant to master leases between the Sponsor Group (as master lessee) and the ECW Group (as master lessor), while the balance RMB74.5 million (S\$13.9 million) represents the rent payable by the Sponsor Group pursuant to other related party leases. Management has been in negotiation with the Sponsor for a Master Offset Agreement to offset all the receivables from the Sponsor Group against its payables to the Sponsor Group including the security deposit amount paid by the master lessees and the advance payments received from the Purchasers of the proposed divestment, hence no impairment allowance was made.

In relation to the RMB32.6m (S\$6.1 million) Fu Zhuo Industrial compensation, the Manager is exploring various options including divestment of the underlying subsidiary to recover the outstanding receivables.

- (3) This relates to the fair values of the derivative financial instruments entered into to hedge the various risks of ECW. As at 30 June 2024, all the derivative instruments were settled in full by maturity dates.
- (4) Represents the fair value of the investment properties based on the valuation as at 30 June 2024 conducted by Savills. The investment properties were pledged as security for the borrowings of ECW and its subsidiaries (collectively, the “**Group**”). The decrease in carrying value of the investment properties was mainly due to fair value loss. In RMB terms, the valuation as at 30 June 2024 was 9.5% lower at RMB3,922 million compared to the valuation of RMB4,336 million as at 31 December 2023.

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STATEMENTS OF FINANCIAL POSITION - GROUP AND ECW
As at 30 June 2024

- (5) Consists of revolving credit facilities and term loan facilities drawn down in 3Q2019 which had been refinanced in May 2023. The decrease in borrowings was mainly due to repayment of onshore loan of RMB12.8 million (S\$2.4 million) and revolving credit facilities of S\$62.2 million. Please refer to Note 10 for details.
- (6) Relates mainly to the deferred tax liability arising from the fair valuation of investment properties. The decrease was mainly due to the fair value loss on investment properties.
- (7) Please refer to Condensed Statements of Movements in Unitholders' Funds for details.
- (8) As disclosed in Note 2 to the condensed interim financial statements, as at 30 June 2024, the current liabilities of the Group and ECW exceeded the current assets by S\$569,940,000 and S\$114,667,000 respectively. The Group's current liabilities include bank borrowings of S\$475,092,000, comprising S\$347,260,000 of offshore loans (the "**Offshore Facility**") and S\$127,832,000 of onshore loans (the "**Onshore Facility**"), both of which are repayable on demand due to the occurrence of a numbers of events of default under the Offshore Facility. ECW's current liabilities include loans from subsidiaries of S\$331,749,000 which are repayable on demand and will require repayment from ECW if the Offshore Facility is not refinanced or restructured as the Offshore Facility was drawn down by one of the subsidiaries for the purpose of funding ECW and the Group.

Notwithstanding, the going concern assumption has been used in the preparation of the accompanying financial statements as the Manager is confident of successful outcomes from the various measures to generate sufficient cash flows as described in Note 2 to the condensed interim financial statements, including plans to divest the Group's properties and negotiations to refinance or restructure the Offshore Facility.

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 ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and ECW may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. The accompanying financial statements do not include any of these adjustments.

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONSOLIDATED DISTRIBUTION STATEMENT
For the six months ended 30 June 2024

	<u>Group</u>	
	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000
Total return for the period	(49,194)	11,330
Adjustment for net effect of non-tax (chargeable)/deductible items and other adjustments		
- Straight lining of step-up rental	189	484
- Security deposits accretion	189	104
- Trustee's fees	95	151
- Net fair value loss on investment properties	77,034	-
- Net deferred tax credit	(17,601)	(121)
- Net change in fair value of financial derivatives	(1,879)	479
- Amortisation of upfront debt issuance costs	2,190	2,670
- Net foreign exchange loss	3,747	2,083
- Provision of withholding tax	265	1,290
	64,229	7,140
Amount available for distribution	15,035	18,470
Distribution to Unitholders	13,532	16,623
Number of units entitled to distribution	809,838,247	809,838,247
Distribution per Unit (cents)	1.671	2.053
Annualised Distribution per Unit (cents)	3.360	4.140

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EC WORLD REAL ESTATE INVESTMENT TRUST
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2024

	Note	Group		Remark
		6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000	
Cash flows from operating activities				
Total return for the period		(49,194)	11,330	
Adjustments for:				
- Income tax expenses	7	(8,804)	12,470	
- Finance income		891	(893)	
- Finance costs		22,910	22,844	
- Effect of straight lining of step-up rental		189	484	
- Effect of security deposits accretion		(1,417)	(1,462)	
- Fair value (gain)/ loss on derivative financial instruments		(1,879)	479	
- Fair value loss on investment properties		77,034	-	
- Foreign exchange loss, net (unrealised)		3,992	214	
Operating cash flow before working capital change		43,722	45,466	
Change in working capital:				
Trade and other receivables		(43,163)	(9,650)	
Trade and other payables		3,601	2,118	
Cash generated from operating activities		4,160	37,934	
Interest received		432	893	
Income tax paid (net)		(3,093)	(5,080)	
Net cash generated from operating activities		1,499	33,747	
Cash flows from investing activities				
Additions to investment properties		(94)	(23)	
Receipt of partial consideration for disposal of assets		-	25,864	
Net cash (used)/generated from investing activities		(94)	25,841	
Cash flows from financing activities				
Repayment of borrowings		(64,606)	(66,409)	(1)
Distribution to Unitholders		-	(2,896)	
Payment of fees for loan extension		-	(6,293)	
Interest paid		(12,395)	(16,203)	
SBLC commission paid		(1)	(31)	
Release from escrow account, net		-	36,913	
Release/(placements) of deposits for SBLC facilities		66,630	(780)	(1)
Utilisation of/(top up for) interest reserves		5,331	(980)	
Net cash used in financing activities		(5,041)	(56,679)	
Net (decrease)/ increase in cash and cash equivalents				
		(3,636)	2,909	
Cash and cash equivalents at beginning of the period		7,180	6,335	
Effects of exchange rate changes on cash and cash equivalents		29	(116)	
Cash and cash equivalents at the end of the period		3,573	9,128	(2)

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CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2024

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:

	30 June	<u>Group</u> 30 June
	2024	2023
	S\$'000	S\$'000
Cash and bank balances (Including disposal group)	26,471	123,366
Less:		
- Interest reserves [#]	(245)	(17,199)
- Escrow Account	-	(2,099)
- Cash collateral for SBLC facilities	(22,653)	(94,940)
Cash and cash equivalents per Consolidated Statement of Cash Flows	3,573	9,128

[#] Bank deposits maintained as interest reserves, as required by the offshore facility and onshore facility agreements. During the year, approximately SGD3.6 million, USD1.2 million (S\$1.6 million) and RMB0.7 million (S\$0.1 million) of the offshore and onshore interest reserve have been released and used to repay the ECW Group's offshore and onshore interest expenses.

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EC WORLD REAL ESTATE INVESTMENT TRUST
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STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS - GROUP AND ECW
For the six months ended 30 June 2024

	<u>Group</u>		<u>ECW</u>	
	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000
OPERATIONS				
Beginning of the period	300,841	777,277	(9,121)	(13,772)
Total (loss)/return for the period	(49,194)	11,330	11,669	15,980
Distributions to unitholders	-	(2,896)	-	(2,896)
End of the period	251,647	785,711	2,548	(688)
GENERAL RESERVES*				
Beginning of the period	38,605	33,155	-	-
End of the period	38,605	33,155	-	-
UNITHOLDERS' CONTRIBUTION				
Beginning of the period	(77,627)	(77,627)	(77,627)	(77,627)
End of the period	(77,627)	(77,627)	(77,627)	(77,627)
FOREIGN CURRENCY TRANSLATION RESERVE				
Beginning of the period	(166,958)	(125,811)	-	-
Translation differences on consolidation of foreign subsidiaries	3,988	(35,533)	-	-
End of the period	(162,970)	(161,344)	-	-
Total Unitholders' funds at end of the period	49,655	579,895	(75,079)	(78,315)

* 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 FINANCIAL STATEMENTS
For the six months ended 30 June 2024

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

1. General information

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

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

The principal activity of ECW and its subsidiaries (the “Group”) is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus on the People’s Republic of China (the “PRC”).

2. Basis of preparation

This condensed consolidated interim financial statements for the period ended 30 June 2024 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 2023 and any public announcements made by ECW during interim reporting period.

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

EC WORLD REAL ESTATE INVESTMENT TRUST
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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2. Basis of preparation (continued)

New or amended financial reporting standards effective this period

On 1 January 2024, the Group has adopted new or amended FRS and Interpretations of FRS (“**INT FRS**”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

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

Going concern

As at 30 June 2024, the current liabilities of the Group and ECW exceeded the current assets by S\$569,940,000 and S\$114,667,000 respectively. The Group’s current liabilities include bank borrowings of S\$475,092,000, comprising S\$347,260,000 of offshore loans and S\$127,832,000 of onshore loans, both of which are repayable on demand due to the occurrence of a numbers of events of default under the Offshore Facility.

As announced by the Manager on 11 June 2024, the facility agent under the Offshore Facility (the “**Offshore Facility Agent**”) had on 10 June 2024 issued a letter to the Group (the “**Pre-enforcement Notice**”) stating, among others, that:

- a) The majority lenders are prepared to instruct and authorise the Offshore Facility Agent to commence enforcement actions (the “**Enforcement Actions**”) against the Group if certain conditions and milestones are not fulfilled within the time prescribed.
- b) In this regard, the Enforcement Actions includes, but are not limited to:
 - (i) accelerating the loans under the Offshore Facilities (as defined in the Offshore Facility Agreement);
 - (ii) appointing a receiver and/or exercising the power of sale pursuant to the terms of the Security Documents (as defined in the Offshore Facility Agreement);
 - (iii) exercising or directing the exercise of the voting and other rights attached to the shares subject to the Share Charges (as defined in the Offshore Facility Agreement);
 - (iv) commencing legal proceedings to recover the loans and any unpaid sums under the Offshore Facilities; and

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2. Basis of preparation (continued)

Going concern (continued)

- (v) applying for the borrower and the guarantors under the Offshore Facility Agreement to be placed into winding up or judicial management (or any analogous procedure in any jurisdiction).

In addition, the Pre-enforcement Notice also stated that the conditions and milestones are not exhaustive, and the Lenders may at any time at their sole discretion add to, amend and/or substitute the conditions and milestones set out therein as they deem fit. For the avoidance of doubt, notwithstanding that the conditions and milestones set out in the Pre-enforcement Notice may be fulfilled in whole or in part within the time prescribed therein, the majority lenders shall nonetheless remain entitled to exercise any and all of their rights and remedies.

ECW's current liabilities include loans from subsidiaries of S\$331,749,000 which are repayable on demand and will require repayment from ECW if the Offshore Facility is not refinanced or restructured as the Offshore Facility was drawn down by one of the subsidiaries for the purpose of funding ECW and the Group.

Notwithstanding the above, the Manager has assessed that the Group and ECW are able to continue as going concerns, on the following basis:

- (i) the Group's operating cash flows has improved in 1H2024 with the novation of the underlying subleases from the Sponsor Group's master leases and related party leases to the Group;
- (ii) the restructuring of the existing Onshore Facility has been completed following the entry into of a supplementary agreement to the Onshore Facilities dated 16 July 2024 (the "**Onshore Supplementary Agreement**") which will allow the Group to defer part of the interest expense payments and principal instalment repayments to April 2026;
- (iii) although the Manager has received the Pre-enforcement Notice, the Pre-enforcement Notice allows up to 31 May 2025 for the Group to divest its assets in such amount sufficient to repay the Offshore Facility;
- (iv) the Manager is confident of being able to divest one or more properties of the Group with its appointment of two established consultants, Savills Property Services (Shanghai) Co., Ltd. and Cushman & Wakefield (HK) Ltd. in relation to sourcing for potential purchaser(s) of the properties;
- (v) the Manager has appointed a financial adviser, KPMG Services Pte Ltd, to explore various options for the Group to address its ongoing challenges; and

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2. Basis of preparation (continued)

Going concern (continued)

- (vi) the Manager is in active negotiations with the lenders of the Offshore Facility on a possible refinancing package and is optimistic that a favourable outcome would be achieved.

The validity of the going concern assumption on which these financial statements have been prepared is dependent on the favourable outcome of the various measures set out above. 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 reclassify the non-current assets as current assets and non-current liabilities as current liabilities respectively. The accompanying financial statements do not include the effect of any of these adjustments.

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.

The significant areas of estimation, assumptions and judgements in applying accounting policies disclosed in Annual Report 2023 remains relevant. Please refer to Note 12 for more information on the valuation of investment properties as at 30 June 2024.

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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

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000
<u>Group</u>								
Gross revenue	21,361	23,197	1,933	5,841	27,939	26,676	51,233	55,714
Property expenses	(1,045)	(1,269)	(582)	(511)	(2,414)	(2,140)	(4,041)	(3,920)
Net property income	20,316	21,928	1,351	5,330	25,525	24,536	47,192	51,794
Net change in fair value of investment properties	(38,378)	-	(18,444)	-	(20,212)	-	(77,034)	-
Finance income							(891)	893
Finance costs							(22,910)	(22,844)
Other trust expenses*							(2,486)	(3,530)
Exchange differences							(3,748)	(2,034)
Net change in fair value of financial derivatives							1,879	(479)
Total return for the financial period before income tax							(57,998)	23,800
Income tax credit/(expenses)							8,804	(12,470)
Total (loss)/return for the financial period after income tax before distribution							(49,194)	11,330

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

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4. Segment information (continued)

Assets and liabilities

	<u>Port Logistics</u>		<u>Specialised Logistics</u>		<u>E-commerce Logistics</u>		<u>Total</u>	
	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000
<u>Group</u>								
Segment assets								
- Investment properties	271,753	308,428	139,614	157,187	321,655	340,014	733,022	805,629
- Trade and other receivables	55,890	36,883	1,663	3,200	82,639	57,712	140,192	97,795
Unallocated assets							27,656	101,856
Total assets							900,870	1,005,280
Segment liabilities	116,921	118,193	31,827	37,181	140,438	139,562	289,186	294,936
Unallocated liabilities							500,206	559,079
- Borrowings							61,823	56,404
- Others								
Total liabilities							851,215	910,419

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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 30 June 2024 and 31 December 2023:

	<u>Group</u>		<u>ECW</u>	
	30 June 2024 S\$'000	31 December 2023 S\$'000	30 June 2024 S\$'000	31 December 2023 S\$'000
Financial Assets				
Cash and bank balances	26,471	100,964	92	106
Trade and other receivables	140,509	97,227	2,954	2,971
Loans to subsidiaries	-	-	237,031	237,057
	166,980	198,191	240,077	240,134
Financial Liabilities				
Trade and other payables	148,237	130,759	23,586	23,362
Borrowings	500,206	559,079	-	-
Derivative financial instruments	-	1,879	-	-
Loans from a subsidiary	-	-	331,749	343,615
	648,443	691,717	355,335	366,977

6. Profit before taxation

6.1 Significant items

	<u>Group</u>	
	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000
Income		
Interest income	(891)	893
Expenses		
Interest on borrowings	18,861	17,159

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6. Profit before taxation (continued)

6.2 Related party transactions

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

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

	<u>Group</u>	
	30 June	31 December
	2024	2023
	S\$'000	S\$'000
Property management fees paid/payable	(806)	(1,901)
Trustee's fees paid/payable	(95)	(294)
Manager's base fees paid/payable	(1,671)	(3,658)
Rental and other related income received/receivable from the ultimate holding corporation and fellow subsidiaries	41,147	93,537
Late payment interest received/receivable from the ultimate holding corporation and fellow subsidiaries	3,003	1,106
Operating lease commitment from fellow subsidiaries where the Group is a lessor	73,108	72,678
	73,108	72,678

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7. Taxation

	<u>Group</u>	
	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial period:		
Current income tax		
- Foreign	9,270	9,624
	9,270	9,624
Withholding tax	725	1,043
Deferred income tax	(17,335)	1,803
	(7,340)	12,470
- Over provision in prior financial year:		
Current income tax		
- Foreign	(1,464)	-
	(8,804)	12,470

8. Earnings per unit

The calculation of basic earnings per Unit is based on:

	<u>Group</u>	
	6 months ended 30 June 2024 S\$'000	6 months ended 30 June 2023 S\$'000
Total return attributable to Unitholders of ECW	(49,194)	11,330
Weighted average number of Units outstanding during the period ('000)	809,838	809,838
Basic and diluted earnings per Unit (cents per share)	(6.07)	1.40

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

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9. Investment properties

	30 June	<u>Group</u>
	2024	31 December
	S\$'000	2023
		S\$'000
Beginning of the period	805,629	1,076,874
Asset enhancements during the year	94	23
Effect of straight lining of step-up rental	(189)	(2,720)
Net change in fair value of investment properties	(77,034)	(606,750)
Disposal during the year	-	(3)
Transfer from/(to) disposal group (Note 10)	-	392,930
Currency translation differences	4,522	(54,725)
End of the period	733,022	805,629

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

At disclosed previously, the only unauthorised mortgage that has yet to be discharged is the mortgage imposed over Fuzhou E-Commerce. The maximum financial risk exposure is estimated to be RMB268.6 million (S\$50.2 million).

For the unaudited financial year results 30 June 2024, the carrying values of the Group's investment properties were based on the independent valuations as at 30 June 2024 conducted by Savills. The valuation methods used by the independent valuer involved certain estimates. The independent valuers are of the view that the valuation techniques and estimates they have employed are reflective of the current market conditions as at 30 June 2024. The Manager has reviewed the appropriateness of the valuation techniques, and assumptions applied by the independent valuers.

Please refer to Announcement on Asset Valuation released on 7 August 2024 for details.

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10. Borrowings

	<u>Group</u>	
	30 June	31 December
	2024	2023
	S\$'000	S\$'000
<i>Current</i>		
Secured bank borrowings		
- Onshore facility	125,730	133,796
- Offshore facility	347,259	342,983
- Revolving credit facilities	20,089	82,300
	493,078	559,079
<i>Non-current</i>		
unsecured bank borrowings		
- Onshore facility	7,128	-
	500,206	559,079
Total borrowings	500,206	559,079

The maturity of the borrowings are as follows:

	<u>Group</u>	
	30 June	31 December
	2024	2023
	S\$'000	S\$'000
Within 1 year	493,078	559,079
After 1 year but within 3 years	7,128	-
	500,206	559,079

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10. Borrowings (continued)

Measurement of fair value

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

Onshore Facility

The existing Onshore Facility have been refinanced in full with an aggregate principal amount of up to RMB745.5 million in May 2023 (the "**2023 Onshore Facility**"). As announced by the Manager on 17 July 2024, the restructuring of the Onshore Facility has been completed following the entry into an Onshore Supplementary agreement dated 16 July 2024. 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 30 June 2024, the onshore facility is secured by:

- i) a first ranking pledge over the entire issued equity interest of three of the Group's subsidiaries, Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. and Zhejiang Fuzhou E-Commerce Co., Ltd. Held by Wuhan Fute Logistics Co., Ltd.;
- ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the "Onshore Guarantors" refer to the Group's subsidiaries Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd, Zhejiang Fuzhou E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd. And Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd., and an unconditional and irrevocable guarantee from DBS Trustee Limited in its capacity as the Trustee;
- iii) a first ranking mortgage over the Properties;
- iv) a pledge of all sales proceeds, rental income and all other revenue derived from the Properties;
- v) an assignment of all material agreements in relation to the Properties;

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10. Borrowings (continued)

Onshore Facility (continued)

As at 30 June 2024, the onshore facility is secured by: (continued)

- 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.

On 20 June 2024, Industrial and Commercial Bank of China ("**ICBC**"), as the only participant in Tranche B of the Onshore Facility, had signed a withdrawal letter from the Onshore Facility (the "**ICBC Withdrawal Letter**") stating, among others, that:

- (a) ICBC would be withdrawing from the Onshore Facility with effect from 20 June 2024 on the basis that ICBC reserves its right to claim any amounts owed or unpaid by the ECW Group under Tranche B of the Onshore Facility (the "**Tranche B Outstanding Sum**") against the Sponsor; and
- (b) ICBC would waive all other rights and interests under the Onshore Facility, including waiving any right ICBC has against the ECW Group to pursue any amounts owed by the ECW Group under the Onshore Facility (including the Tranche B Outstanding Sum).

As a result, ICBC is bound by the terms of the ICBC Withdrawal Letter to not make any claim against the ECW Group in connection with any obligations owed by the ECW Group under the Onshore Facility (including the Tranche B Outstanding Sum) up to 20 June 2024 and may instead pursue such claims against the Sponsor.

Should ICBC successfully pursue and recover any claim against the Sponsor, the Sponsor will automatically, by operation of PRC law, gain the right to recover the same amount from the ECW Group. For the avoidance of doubt, in this scenario, such amount would remain classified as a non-current liability on the balance sheet of the ECW Group, although it would be reflected as a non-current liability owing to the Sponsor.

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10. Borrowings (continued)

Onshore Facility (continued)

The blended all-in interest rate for the quarter and 6 months ended 30 June 2024 was 7.7% and 7.3% respectively. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2024 was 6.1%.

Refer to Note 13 for updated occurring after reporting date.

Offshore facility

The existing offshore bank loans have been refinanced in full with the aggregate principal amount of up to SGD348.9 million in May 2023 (the “**2023 Offshore Facility**”, together with the “**2023 Onshore Facility**”, the “**2023 Facilities**”). The offshore borrowers are ECW Treasure Pte. Ltd. (“ECWT”) and Zhejiang Fuzhou E-commerce Co., Ltd..

As announced by the Manager on 11 June 2024, the Offshore Facility Agent has on 10 June 2024 issued a Pre-enforcement Notice to the ECW Group, requiring it to fulfil certain conditions and milestones, among others, that the Group shall divest assets in such amount sufficient to repay the liabilities under the Offshore Facility Agreement. Refer to Note 2 for more details. At the date of this announcement, the Group has not received any notice of enforcement action. The Manager is actively in negotiations with the lenders of the Offshore Facility on refinancing.

The Offshore facility is secured by:

- (i) An unconditional and irrevocable guarantee from the Singapore Holding Companies, Flutric Investments Limited (the “BVI Holding Company”) and the Trustee (in its capacity as trustee of ECW) on a joint and several basis;
- (ii) A charge over the entire issued share capital of each of the Singapore Holding Companies, the BVI Holding Company and ECW Treasure Pte. Ltd. (“**ECWT**”);
- (iii) A pledge over the entire issued equity interest of each of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.;
- (iv) A mortgage over each of the Properties and a floating mortgage over the assets of Zhejiang Fuzhou E-commerce Co., Ltd., in each case, securing the term loan facility of S\$9,778,333.56 and US\$2,017,518.86; 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.

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10. Borrowings (continued)

Offshore facility (continued)

The blended all-in interest rate for the quarter and 6 months ended 30 June 2024 was 8.1% and 8.4% respectively. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2024 was 7.6%.

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 in respect of the 2023 Facilities as disclosed previously.

Revolving Credit Facilities

As at 30 June 2024, ECW had drawn down a total of S\$20.1 million short-term loan backed by SBLC issued by Bank of East Asia (China) Limited. SBLC is collateralised against a cash deposit of RMB121.2 million (S\$22.7 million). The interest rates ranged from 5.02% to 11.75% per annum for the quarter and 4.93% to 11.75% for 6 months ended 30 June 2024. Refer to Note 13 for updates occurring after reporting date.

The blended all-in interest rate of the aggregate facilities for the quarter and 6 months ended 30 June 2024 was 8.2% and 8.0% respectively. The blended all-in running interest rate for the quarter and 6 months ended 30 June 2024 was 7.5% and 7.1% per annum respectively. At the end of the period, the aggregate leverage for the Group was 57.9% (31 December 2023: 57.9%) and the interest coverage ratio¹ was 2.0 times (31 December 2023: 2.11 times). Due to the challenging global economic conditions, ECW expects the blended interest rates for the offshore facilities and Revolving Credit Facilities will increase further due to a portion of offshore loans unhedged.

Occurrence of events of default

The Onshore Facility agreement and Offshore Facility agreement have cross-default provisions, where default of the Offshore facility shall automatically trigger default of the Onshore facility and vice versa. The events of default which have occurred to the Offshore Facility disclosed in Annual Report 2023 remains relevant as at 30 June 2024. Therefore, both Onshore Facility (excluding Tranche B Outstanding Sum) and Offshore Facility are classified as current liabilities as of 30 June 2024.

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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11. Units in issue

	<u>Group and ECW</u>	
	30 June 2024	30 June 2023
	No. of Units '000	No. of Units '000
<i>Units in issue</i>		
Beginning of the period	809,838	809,838
Issue of Units:		
- Manager's performance fees payable in Units	-	-
End of the period	809,838	809,838

During the period, no new Units was issued (30 June 2023: Nil), in respect of the payment of management fees in Units.

12. Fair value measurement

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

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

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

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

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

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12. Fair value measurement (continued)

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

<u>Group</u>	<u>Fair value</u>			<u>Total</u> <u>S\$'000</u>
	<u>Level 1</u> <u>S\$'000</u>	<u>Level 2</u> <u>S\$'000</u>	<u>Level 3</u> <u>S\$'000</u>	
30 June 2024				
Financial assets	-	-	-	-
Financial liabilities				
Derivative financial instruments	-	-	-	-
Non-financial assets				
Investment properties	-	-	733,022	733,022
31 December 2023				
Financial assets				
Derivative financial instruments	-	-	-	-
Financial liabilities				
Derivative financial instruments	-	(1,879)	-	(1,879)
Non-financial assets				
Investment properties	-	-	805,629	805,629
Investment properties (held-for-sale)	-	-	-	-

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13. Events occurring after reporting date

(a) Restructuring status

The restructuring of the Onshore Facility has been completed following the entry into an Onshore Supplementary Agreement dated 16 July 2024. The key terms under the Onshore Supplementary Agreement comprise the below:

- (i) Margin reduction by 2% per annum;
- (ii) Waiver fee of 2% per annum payable by 30 April 2026;
- (iii) Significant reduction in the principal amount payable before the Onshore Facility Maturity date; and
- (iv) To maintain income account at least equal to the next interest payment due under the Onshore Facility

(b) Repayment of Revolving Credit Facility

As at 30 June 2024, approximately S\$20.1 million of revolving credit facilities remains outstanding which was due on 30 April 2024. In July'24 the Manager received a notice from the revolving credit facility lender stating that the lender will proceed to settle the outstanding sum using the cash collaterals for the SBLCs. On 1 August 2024, the outstanding sum of revolving credit facilities of S\$20.1 million, relevant interest expenses and costs were paid using short term advance from an onshore SBLC issuer and subsequently will be settled using onshore cash collateral.

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For the six months ended 30 June 2024

The condensed consolidated statement of financial position of ECW and its subsidiaries as at 30 June 2024 and the related condensed consolidated statement of total return and other comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movements in Unitholder's funds for the six months then ended and certain explanatory notes have not been audited or reviewed.

1. Review of the Performance

(i) Review of performance for the quarter ended 30 June 2024

Gross revenue of S\$25.9 million was S\$1.6 million or 6.0% lower compared to 2Q2023. Net property income ("NPI") of S\$23.9 million was S\$1.8 million or 7.1% lower compared to 2Q2023. In RMB terms, the gross revenue and NPI was 3.9% and 5.1% lower compared to 2Q2023 respectively. After straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms was 4.5% and 5.7% lower respectively compared to 2Q2023, mainly due to discontinuation of China Tobacco leases in relation to Hengde Logistics Phase I, lower rental income from Chongxian Port Logistics and higher operating expenses at the Properties as a result of refund of land use tax in Apr'23, mitigated partly by higher late fee income and organic rental escalations. As the negotiation for a Master Offset Agreement is still pending, the gross revenue continue to capture the rental income from existing master leases, which will be subject to adjustments once the Master Offset Agreement is finalised.

Finance costs of S\$11.2 million were S\$0.6 million or 5.0% lower compared to 2Q2023, mainly due to reduction of borrowings and extension fee incurred in 2Q2023, offset by higher interest rate in the quarter compared to 2Q2023.

Calculated distribution to Unitholders of S\$6.2 million represents S\$1.3 million or 17.1% decrease compared to 2Q2023, mainly due to lower revenue and higher operating expenses in 2Q2024.

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For the six months ended 30 June 2024

(ii) Review of performance for the 6 months ended 30 June 2024

Gross revenue of S\$51.2 million was S\$4.5 million or 8.0% lower compared to 1H2023. Net property income (“NPI”) of S\$47.2 million was S\$4.6 million or 8.9% lower compared to 1H2023. In RMB terms, the gross revenue and NPI was 5.0% and 5.8% lower compared to 1H2023 respectively. After straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms was 5.6% and 6.5% lower respectively compared to 1H2023, mainly due to discontinuation of China Tobacco leases in relation to Hengde Logistics Phase I, lower rental income from Chongxian Port Logistics and higher operating expenses at the Properties as a result of refund of land use tax in Apr’23, mitigated partly by higher late fee income and organic rental escalations. As the negotiation for a Master Offset Agreement is still pending, the gross revenue continue to capture the rental income from existing master leases, which will be subject to adjustments once the Master Offset Agreement is finalised.

Finance costs of S\$22.9 million were S\$0.1 million or 0.3% higher compared to 1H2023, mainly due to higher interest rate during the period, mitigated by reduction of borrowings and extension fee incurred in 2Q2023.

Calculated distribution to Unitholders of S\$13.5 million represents S\$3.1 million or 18.6% decrease compared to 1H2023 mainly due to lower revenue and higher operating expenses in 1H2024.

2. Variance between the forecast

ECW did not disclose any financial forecast to the market.

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

According to the National Bureau of Statistics of the PRC, China’s economy slowed in 2QFY2024, with GDP expanding by 4.7% year-on-year and 0.7% from the previous quarter². The GDP growth missed analysts’ forecasts of 5.1% year on year and 1.1% quarter-on-quarter, and is the lowest growth since 1QFY2023³. Retail sales for June missed expectations with rising 2% year-on-year in June 2024, the weakest level since exiting pandemic restriction³. While industrial production figures beat with 5.3% growth in June 2024⁴, the GDP data shows that the road to hitting the Beijing’s 5% growth target remains challenging.

² https://www.stats.gov.cn/english/PressRelease/202407/t20240730_1955894.html

³ <https://www.reuters.com/world/china/view-chinas-q2-economy-grows-slower-than-forecast-2024-07-15/>

⁴ <https://www.businesstimes.com.sg/international/global/chinas-june-industrial-output-growth-slows-retail-sales-miss-expectations-large-margin>

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The real estate sector remains tough and continues to drag down China's economic growth, with property investment down 10.1% year on year in 1HFY2024⁵. New home prices in June 2024 fell 4.5% from a year earlier, the fastest pace in nine years despite government support measures in late May⁶. The value of new home sales from the 100 biggest real estate companies dropped 17% from a year earlier to 439 billion yuan, compared with a 34 % decline in May⁷.

The IMF forecasts global real GDP growth of 3.2% for 2024 and 3.3% in 2025⁸. Upside risks to inflation have thus increased, raising the prospect of higher interest rates for longer period of time, in the context of escalating trade tensions and increased policy uncertainty. An escalation of trade tensions could also raise near term inflation risks by lifting costs of imported goods. The IMF expects inflation to return to target by end of 2025⁹. US growth in 2024 was downgraded to 2.6%, 0.1 percentage points below April's forecast. The IMF forecasts China's growth to be 5% in 2024, slow to 4.5% in 2025, and continue decelerating to 3.3% by 2029 due to aging and slowing productivity growth⁸.

As of the date of this announcement, the unauthorized mortgages imposed over Fuzhou E-Commerce has not yet been discharged. ECW will continue to face serious financial stress in the short to medium term while the trading of the units of ECW will continue to be suspended until the financial situation has improved.

⁵ <https://www.reuters.com/markets/asia/chinas-economy-seen-slowing-q2-stimulus-calls-grow-2024-07-14/>

⁶ <https://www.reuters.com/world/china/china-june-new-home-prices-fall-fastest-pace-9-years-2024-07-15/>

⁷ <https://www.businesstimes.com.sg/property/chinas-slump-home-sales-slows-after-cities-ease-policy>

⁸ <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>

⁹ <https://www.straitstimes.com/business/economy/imf-maintains-2024-global-growth-forecast-warns-of-inflation-risk>

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For the six months ended 30 June 2024

4. 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 2.053 cents per unit was declared for the period from 1 January 2023 to 30 June 2023. As mentioned on page 2, the said distribution intended to be made on 28 September 2023, had been deferred to a future date when ECW has sufficient free cash for the said distribution.

5. 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 January 2024 to 30 June 2024 due to ECW having insufficient funds to make the distribution.

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.

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render these unaudited condensed interim financial statements of the Group and ECW (comprising the condensed interim statement of financial position as at 30 June 2024, condensed interim statement of total return & condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movements in Unitholder's funds for the period ended on that date), together with their accompanying notes, to be false or misleading, in any material aspect.

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

Zhang Guobiao
Chairman and Non-Executive Director

Goh Toh Sim
Executive Director and Chief
Executive Officer

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IMPORTANT NOTICE

The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the Manager, DBS Trustee Limited (as trustee of ECW), or any of their respective affiliates.

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of ECW. The forecast financial performance of ECW is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

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

Goh Toh Sim
Executive Director and Chief Executive Officer
7 August 2024