
**EC WORLD REAL ESTATE INVESTMENT TRUST (“EC WORLD REIT”)
UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

INTRODUCTION

EC World REIT is a Singapore-domiciled real estate investment trust that was listed on SGX-ST on 28 July 2016 (“Listing Date”). EC World REIT was constituted by the trust deed dated 05 August 2015. EC World Asset Management Pte. Ltd. is the Manager of the EC World REIT (“Manager”) and DBS Trustee Limited is the trustee of EC World REIT (“Trustee”).

EC World REIT 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 EC World REIT (“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 EC World REIT.

The portfolio of EC World REIT, constituted at IPO, comprises six properties located in Hangzhou, the PRC, with an aggregate net lettable area (“Net Lettable Area” or “NLA”) of 698,478 square meters. The six properties are:

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

Capitalised terms used herein, unless otherwise defined, have the meanings as defined in the prospectus of EC World REIT dated 20 July 2016 (the “Prospectus”).

DBS Bank Ltd. is the sole financial adviser, global coordinator and issue manager for the initial public offering of EC World REIT. DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited and Maybank Kim Eng Securities Pte. Ltd. are the joint bookrunners and underwriters for the initial public offering of EC World REIT.
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Summary Results of EC World REIT

		Group
		1.1.17 to 31.3.17 ⁽¹⁾
	Notes	S\$'000
Gross revenue		23,663
Net property income		21,601
Income available for distribution		12,024
Distribution per unit ("DPU") (cents)	(2)	1.541
Annualised distribution yield (%)		
- Based on IPO price of S\$0.81 per unit		7.72
- Based on share price of S\$0.755 per unit as at 31 March 2017		8.28

Notes:

- (1) There were no comparative figures for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements. However, where appropriate, comparisons are made against the Projection Year 2017 as disclosed in the Prospectus.
- (2) The distribution to Unitholders is based on 100% of the distributable income for the period from the 1 January 2017 to 31 March 2017.

The Prospectus (page 96) states that "EC World REIT's first distribution will be for the period from the Listing Date to 31 December 2016 and will be paid by the Manager on or before 31 March 2017. Subsequent distributions will take place on a semi-annual basis. The Manager will endeavour to pay distributions no later than 90 days after the end of each distribution period."

In the interest of the Unitholders, the Manager brought forward the first distribution by EC World REIT for the period from Listing Date to 30 September 2016 on 28 November 2016. The second distribution for the period from 1 October 2016 to 31 December 2016 was made on 29 March 2017. The next distribution for the period from 1 January 2017 to 31 March 2017 will be made on or around 28 June 2017. The Manager will determine at a later stage whether it will change subsequent distribution periods from a semi-annual basis to quarterly basis.

Distribution and Book Closure Date

Distribution	1 January 2017 to 31 March 2017
Distribution type	Capital distribution
Distribution rate	1.541 cents
Book closure date	19 May 2017
Payment date (est)	28 June 2017

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

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1(a) Statement of Total Return and Distribution Statement

		Group
		1.1.17 to 31.3.17 ⁽¹⁾
		S\$'000
<u>Statement of Total Return</u>		
Gross revenue	Notes (2)	23,663
Property expenses	(3)	(2,062)
Net property income		21,601
Finance income		314
Finance costs		(6,269)
Manager's management fees		
- Base fees		(1,202)
- Performance fees		(107)
Trustee's fees		(68)
Foreign exchange gain	(4)	1,366
Other trust expenses	(5)	(368)
Net income		15,267
Net change in fair value of financial derivatives	(6)	(1,031)
Total return for the financial period before income tax		14,236
Income tax expenses		(3,806)
Total return for the financial period after income tax before distribution		10,430
<u>Distribution statement</u>		
Total return for the financial period after income tax before distribution		10,430
Distribution adjustments	(7)	1,594
Total amount available for distribution		12,024

Notes:

- (1) There were no comparative figures for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.
- (2) Gross revenue comprises gross rental income, service fee income and other income from the investment properties.
- (3) Included as part of the property expenses were the followings:

		Group
		1.1.17 to 31.3.17
		S\$'000
Property maintenance and repair expenses		150
Property management fee		327
Business and property-related taxes		1,585
Total property expenses		2,062

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- (4) Mainly due to revaluation of loans in foreign currency.
- (5) Other trust expenses include professional fees, listing fees and other non-property related expenses.
- (6) Included under the net change in fair value of financial derivatives were realized loss of S\$0.2 million on settlement of currency swap options and revaluation of interest rate swaps put in place by the Manager to hedge interest rate risks of EC World REIT.
- (7) Net effect of non (taxable income) / tax deductible expenses and other adjustments comprises:

	Group
	1.1.17 to 31.3.17
	S\$'000
Straight lining of step-up rental, net of tax	(420)
Discounting of security deposit to present value, net of tax	(27)
Manager's base fees paid/payable in units	1,202
Manager's performance fees payable in units	107
Trustee's fees	68
Fair value loss on financial derivatives	1,031
Amortisation of upfront debt issuance costs	999
Foreign exchange gain, net (unrealised)	(1,366)
Total distribution adjustments	1,594

EC World REIT's current distribution policy is to distribute 100% of distributable income for the period from the Listing Date to 31 December 2017. Thereafter, EC World REIT will distribute at least 90% of its distributable income for each financial year.

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1(b)(i) Balance Sheet

		Group		ECW	
		31.3.17	31.12.16	31.3.17	31.12.16
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	(1)	109,148	103,665	9,341	11,113
Financial assets, at fair value through profit or loss	(2)	-	7,700	-	-
Derivative financial assets	(3)	-	417	-	417
Trade and other receivables		39,827	37,264	1,180	1,061
Loans to subsidiaries		-	-	241,557	241,557
		148,975	149,046	252,078	254,148
Non-current assets					
Investment properties	(4)	1,299,594	1,333,297	-	-
Investment in subsidiaries		-	-	- *	- *
		1,299,594	1,333,297	- *	- *
Total assets		1,448,569	1,482,343	252,078	254,148
LIABILITIES					
Current liabilities					
Trade and other payables		18,313	27,425	5,061	3,578
Borrowings	(5)	14,149	2,206	12,000	-
Derivative financial liabilities	(3)	814	387	814	387
Current income tax liabilities		13,693	10,798	1	1
		46,969	40,816	17,876	3,966
Non-current liabilities					
Borrowings	(5)	391,306	396,624	195,355	194,855
Deferred income tax liabilities	(6)	251,851	258,408	-	-
Trade and other payables		58,090	59,674	-	-
Government grant		664	702	-	-
		701,911	715,408	195,355	194,855
Total liabilities		748,880	756,224	213,231	198,821
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		699,689	726,119	38,847	55,327
Represented by:					
Unitholders' funds	(7)	781,610	782,700	38,847	55,327
Foreign currency translation reserve		(81,921)	(56,581)	-	-
		699,689	726,119	38,847	55,327

* Less than S\$1,000.

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Notes

- (1) Includes RMB301.7 million (S\$61.1 million) security deposits received from the master leases. The security deposits were placed with DBS Bank (China) Limited which has a good credit-rating.
- (2) Relates to the funds placed in structured deposits which have been fully redeemed during the quarter ended 31 March 2017.
- (3) This relates to
 - (a) the fair value of the plain vanilla interest rate swap entered into to hedge the interest rate of the Offshore Facility (as defined below) and
 - (b) the fair value of the foreign currency contract (which was settled in March 2017).
- (4) Represents the carrying values of the investment properties, including asset enhancement initiatives, effective rental adjustments and translation differences. The investment properties are pledged as security for the borrowings of EC World REIT and its subsidiaries (the “Group”).
- (5) Please refer to item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (6) Relates mainly to the deferred tax liability arising from the increase in valuation of investment properties in China.
- (7) Please refer to item 1(d)(i) Statement of Changes in Unitholders’ Funds for details.

1(b)(ii) Aggregate Amount of Borrowings and Debt Securities

	Group		ECW	
	31.3.17 S\$'000	31.12.16 S\$'000	31.3.17 S\$'000	31.12.16 S\$'000
Secured borrowings				
Amount repayable in one year or less	14,149	2,206	12,000	-
	14,149	2,206	12,000	-
Amount repayable after one year	400,318	406,758	200,000	200,000
Less: Unamortised debt issuance costs	(9,012)	(10,134)	(4,645)	(5,145)
	391,306	396,624	195,355	194,855
Total borrowings	405,455	398,830	207,355	194,855

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Note:

Details of Collaterals and Borrowings

As at 31 March 2017, EC World REIT has an aggregate amount of RMB998.9 million (S\$202.5 million) (2016: RMB1,004.2 million, equivalent to S\$203.6 million) Onshore secured term loans facility (the “**Onshore Facilities**”), a S\$200.0 million syndicated secured term loan facility (the “**Offshore Facility**”) and a revolving credit facility of S\$50.0 million.

The key terms of the Onshore Facilities and the Offshore Facility are as follows:

(a) Onshore Facilities

EC World REIT has put in place a 3-year RMB998.9 million (S\$202.5 million) secured term loan facility. The portion of the loan due for repayment in one year or less has been classified as current liability.

The facilities are secured by way of:

- i) A first ranking pledge over the entire issued equity interest of the Group’s subsidiary, Hangzhou Chongxian Port Logistics Co., Ltd.;
- ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the “Onshore Guarantors” refer to the Group’s subsidiaries Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., and Hangzhou Chongxian Port Logistics 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 IPO Properties;
- iv) A pledge of all sales proceeds, rental income, bond pledge and all other revenue derived from the IPO Properties;
- v) An assignment of all material agreements in relation to the IPO Properties;
- vi) An assignment of all insurance policies in relation to the IPO Properties with the onshore security agent (being DBS Bank (China) Limited) named as the first beneficiary;
- vii) An assignment of all present and future rights and interests of the Onshore Borrowers in relation to inter-company debts and shareholder loans made by the Offshore Guarantor (ECW) and/or the Singapore Holding Companies (which consists of Fullwealth Investment Pte. Ltd., Richwin Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richport Investment Pte. Ltd. and Magnasset Investment Pte. Ltd.);
- viii) A subordination deed in relation to the inter-company debts and shareholder loans made to the Onshore Borrowers and/or the Onshore Guarantors; and
- ix) Any other security as may be reasonably required by the lenders.

The annualized all-in interest rate for the quarter ended 31 March 2017 was 6.3%. As at 31 March 2017, the above facilities were fully drawn.

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(b) Offshore Facility

EC World REIT has a 3-year S\$200 million syndicated secured term loan facility secured by way of:

- i) An unconditional and irrevocable guarantee from the Singapore Holding Companies (which consists of Fullwealth Investment Pte. Ltd., Richwin Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richport Investment Pte. Ltd. and Magnasset Investment Pte. Ltd.) on a joint and several basis;
- ii) A first ranking pledge over the entire issued share capital of each of the Singapore Holding Companies;
- iii) A first ranking pledge over the entire issued equity interest of each of the PRC Property Companies (which consists of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd.);
- iv) A first priority account charge over all bank accounts of ECW (as the “Offshore Borrower”) relating to and/or in connection with the IPO Properties and its existing revenue amount, operating account and fixed deposit account, and all bank accounts of the Singapore Holding Companies;
- v) A first fixed and floating charge and debenture over all the assets of the Offshore Borrower relating to and/or in connection with the IPO Properties, and over all of the assets of the Singapore Holding Companies (other than the dividends attributable solely to revenue from Stage 2 Properties), including the assignment of all the rights and benefits under all material contracts, inter-company loans, property management agreement and hedging agreements; and
- vi) A subordination in relation to inter-company debts and shareholder loans made by ECW or any of its subsidiaries other than shareholder’s loan obtained solely in relation to future property acquisition.

The annualized all-in interest rate for the quarter ended 31 March 2017 was 4.7%. As at 31 March 2017, the above facilities were fully drawn and 100% of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps.

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

(c) Revolving Credit Facility

During the quarter, EC World REIT has put in place an uncommitted revolving credit facility of S\$50.0 million with DBS Bank Ltd. At the same time, EC World REIT draws down a S\$12.0 million short-term loan backed by a standby letter of credit (“SBLC”) of S\$12.0 million issued by DBS Bank (China) Limited in favor of DBS Bank Ltd. The SBLC is collateralized against a cash deposit of RMB65 million (S\$13.2 million). The annualized all-in interest rate for the quarter ended 31 March 2017 was 1.2%.

The annualized all-in interest rate for the EC World REIT was 5.4%. The Aggregate Leverage for the Group as at the end of the period was 28.6% as compared to 27.6% as at 31 December 2016 (28.9% as at Listing date).

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1(c) Cash Flows Statement

		Group
		1.1.17 to 31.3.17 ⁽¹⁾
		S\$'000
	Notes	
Cash Flows from Operating Activities		
Total return for the financial period		10,430
Adjustments for:		
- Income tax		3,806
- Interest income		(314)
- Finance cost		6,269
- Effect of straightling of step-up rental		(560)
- Effect of discounting security deposits to present value		(688)
- Fair value loss on derivative instruments		1,031
- Manager's fees payable in units		1,309
- Exchange gain		(1,366)
Operating cash flow before working capital change		19,917
Changes in working capital:		
Trade and other receivables		(2,556)
Trade and other payables		(11,044)
Cash generated from operating activities		6,317
Interest received		306
Income tax paid (net)		(468)
Net cash provided by operating activities		6,155
Cash Flows from Investing Activities		
Additions to investment properties		(350)
Redemption of structured deposits	(2)	7,700
Net cash outflow from investing activities		7,350
Cash Flows from Financing Activities		
Repayment of borrowings		(1,081)
Distribution to Unitholders		(11,390)
Proceeds from borrowings	(3)	12,000
Interest paid		(4,580)
SBLC commission paid		(60)
Settlement of currency options		(187)
Placements of deposits for SBLC facilities	(3)	(13,176)
Increase in interest reserves		(5)
Issuance costs	(4)	(128)
Net cash outflow from financing activities		(18,607)
Net increase in cash and cash equivalents		(5,102)
Cash and cash equivalents at beginning of financial period		94,338
Effects of exchange rate changes on cash and cash equivalents		(2,452)
Cash and cash equivalents at the end of financial period	(5)	86,784

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Notes

- (1) There were no comparative figures for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.
- (2) During the quarter ended 31 March 2017, the RMB37.0 million placed with financial institutions which invest in debt securities in end December 2016 has been fully redeemed.
- (3) Refer to Item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (4) IPO underwriter’s fee incurred in accordance to transaction costs as disclosed in the Prospectus.
- (5) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group
	31.3.17
	S\$’000
Cash and cash equivalents (as per Balance Sheet)	109,148
Less:	
- Interest reserves	(9,188)
- Cash collateral for SBLC facilities	(13,176)
Cash and cash equivalents per consolidated statement of cash flows	86,784

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

	Notes	Group	ECW
		1.1.17 to 31.3.17 ⁽¹⁾	1.1.17 to 31.3.17 ⁽¹⁾
		S\$’000	S\$’000
OPERATIONS			
Balance as at beginning of the period		718,118	(9,255)
Total return after tax		10,430	(4,962)
Balance as at end of the period		728,548	(14,217)
UNITHOLDERS’ CONTRIBUTION			
Balance as at beginning of the period		64,582	64,582
Movement during the period			
- Issuance costs	(2)	(128)	(128)
- Distributions to unitholders		(11,390)	(11,390)
Balance as at end of the period		53,064	53,064
FOREIGN CURRENCY TRANSLATION RESERVE			
Balance as at beginning of the period		(56,581)	-
Translation differences relating to financial statements of foreign subsidiaries		(25,342)	-
Balance as at end of the period		(81,923)	-
Total Unitholders’ funds as at end of the period		699,689	38,847

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Notes

- (1) There were no comparative figures for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.
- (2) IPO underwriter's fee incurred in accordance to transaction costs as disclosed in the Prospectus paid during the quarter.

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

		Group and ECW
		1.1.17 to 31.3.17 ⁽¹⁾
		Units
Balance as at beginning of period	Notes	778,515,845
Issued units as at the end of period		778,515,845
New units to be issued	(2)	
- Manager's base fees payable in units for 1.10.16 to 31.12.16		1,602,004
- Manager's base fees payable in units for 1.1.17 to 31.3.17		1,588,664
Total issued and to be issued units		781,706,513

Note

- (1) There were no comparative figures for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.
- (2) These are additional units to be issued to the Manager as consideration of manager's base fees incurred for the period at an issue price based on the 10 business day VWAP of EC World REIT traded on the SGX-ST.

The manager's base fees for the period 1 October 2016 to 31 December 2016 was paid in units in April 2017.

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 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.

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

Except as disclosed in Item 5 below, EC World REIT has applied the same accounting policies and methods of computation in the audited financial statements for the financial year ended 31 December 2016.

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

On 1 January 2017, the Group adopted the revised Statement of Recommended Accounting Practice 7 issued by the Institute of Singapore Chartered Accountants which had no significant impact to the financial statements.

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

		Group
	Notes	1.1.17 to 31.3.17 ⁽¹⁾
Weighted average number of units as at end of period	(2)	778,515,845
Earnings per unit ("EPU") - Basic and Diluted (cents)		1.34
Number of units issued and to be issued as at end of period entitled to distribution		780,117,849
Distribution per unit ("DPU") (cents)	(3)	1.541
Distribution per unit ("DPU") (cents) - Annualised		6.250

Notes

(1) There were no comparative figures for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.

(2) Based on weighted average number of units outstanding during the period.

The diluted EPU is the same as the basic EPU as no dilutive instruments were in issue during the period.

(3) DPU was computed and rounded based on the number of units entitled to distribution at the end of the period. Distribution of 1.541 cents per unit for period 1 January 2017 to 31 March 2017 will be paid on or around 28 June 2017.

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

	As at 31.3.17	As at 31.12.16
NAV / NTA of Group - attributable to Unitholders (S\$'000)	699,689	726,119
NAV / NTA of REIT (S\$'000)	38,847	55,327
Number of units outstanding as at end of each period ('000)	778,516	778,516
Group's net asset value per unit (S\$)	0.90	0.93
REIT's net asset value per unit (S\$)	0.05	0.07

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8. Review of the Performance

Please refer to Item 9 on the review of performance against the pro-rated forecast figures per the Prospectus for the period.

9. Variance from Prospect Statement

Review of performance for the quarter ended 31 March 2017

<u>Statement of Total Return</u>	Group		
	1.1.17 to 31.3.17		
	Actual	Forecast ⁽¹⁾	Change
	S\$'000	S\$'000	%
Gross revenue	23,663	22,613	4.6
Property expenses	(2,062)	(2,113)	(2.4)
Net property income	21,601	20,500	5.4
Finance income	314	306	2.6
Finance costs	(6,269)	(6,539)	(4.1)
Investment income	-	900	N/M
Manager's management fees			
- Base fees	(1,202)	(1,243)	(3.3)
- Performance fees	(107)	(107)	-
Trustee's fees	(68)	(79)	(13.9)
Foreign exchange gain	1,366	-	N/M
Other trust expenses	(368)	(394)	(6.6)
Net income	15,267	13,344	14.4
Net change in fair value of financial derivatives	(1,031)	-	N/M
Total return for the financial period before income tax	14,236	13,344	6.7
Income tax expenses	(3,806)	(3,433)	10.9
Total return for the financial period after income tax before distribution	10,430	9,911	5.2

Distribution statement

Total return for the financial period after income tax before distribution

Distribution adjustments

Total amount available for distribution

Distribution per unit ("DPU") (cents)

Distribution per unit (cents) (annualised)

10,430	9,911	5.2
1,594	1,711	(6.8)
12,024	11,622	3.5
1.541	1.464	5.3
6.250	5.936	5.3

N/M: Not Meaningful

(1) The Forecast figures are derived from the pro-rated Forecast Period 2017 figures disclosed in the Prospectus. There were no comparative figures for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.

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Gross revenue was S\$23.7 million, S\$1.1 million or 4.6% higher when compared to the pro-rated forecast. Net property income (“NPI”) was S\$21.6 million, S\$1.1 million or 5.4% higher when compared to the pro-rated forecast. The higher NPI was due to additional rental income from the sheltered warehouse in Chongxian Port Investment, lower property expenses incurred and stronger than forecasted SGD/RMB rate.

Finance cost was S\$6.3 million, lower by S\$0.3 million or 4.1% compared to the pro-rated forecast. This was mainly due to lower than forecasted SGD SOR rates and savings in finance costs arising from delay in the SBLC arrangement which are off-set by the finance cost of the new interest rate swap entered into during the quarter ended 31 March 2017.

As announced on 30 September 2016 and 14 October 2016, the Manager had decided to set aside the security deposits to part-finance the potential acquisition of an asset located in the People’s Republic of China from an unrelated third party vendor, instead of using the security deposits to invest in the PRC corporate bonds, after taking into account the current volatile PRC corporate bond market. The variance between the actual and the pro-rated forecast investment income was the result from not investing in the abovementioned bonds.

Distributable income was S\$12.0 million, higher by S\$0.4 million or 3.5% compared to the pro-rated forecast after distribution adjustments.

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

China’s economy expanded 6.9%¹ in the first quarter 2017, better than the 6.5%² GDP growth target. Hangzhou GDP grew by 8.1%³.

Our 6 assets in Hangzhou continue to enjoy steady growth. The three Chongxian Port assets within the REIT portfolio continue to benefit from the urbanization and higher-than-national economic growth rate in Hangzhou. Business at Hengde Logistics, which provides customized warehousing facilities for tobacco storage by China Tobacco Zhejiang Industrial Co., Ltd. is stable.

According to China’s National Bureau of Statistics, online retail sales in China grew 25.8% in 1Q17, more than double the growth rate of overall retail sales in the country. In the same period, e-commerce in Hangzhou grew by 45.8%³, enabling improvements in our e-commerce focus assets, Beigang Logistics and Fu Heng warehouse.

We are actively pursuing quality, yield-accretive investment opportunities in China and in the region. As at 31 March 2017, interest rate exposure on the offshore loan has been fully hedged.

¹ National Bureau Statistics of China (17 April 2017): <http://www.stats.gov.cn>

² CNBC (4 March 2017): [China aims for around 6.5 percent economic growth in 2017](http://www.cnn.com/2017/03/04/economy/index.html)

³ Hangzhou statistics (27 April 2017): <http://www.hzstats.gov.cn>

11. Distribution

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 January 2017 to 31 March 2017

Distribution types: Capital Distribution

Distribution rate: 1.541 cent per unit

Par value of units: Not meaningful

Tax rate: The Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who hold the Units as trading assets, the amount of Capital Distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

Remarks: The distribution to unitholders is based on 100% of the distributable income for the period from 1 January 2017 to 31 March 2017.

(b) Corresponding period of the preceding financial period

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

Not applicable

(c) Date Payable 28 June 2017

(d) Books Closure 19 May 2017
Date/Record Date

12. If no distribution has been declared/(recommended), a statement to that effect.

Not applicable. A distribution has been declared for the period from 1 January 2017 to 31 March 2017.

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.

EC World REIT does not have a general mandate from Unitholders for interested person transactions.

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14. Segmental results

	Group	
	1.1.17 to 31.3.17 ⁽¹⁾	
	S\$'000	%
Gross revenue		
- Port logistics	10,931	46.2
- Specialised logistics	3,792	16.0
- E-commerce logistics	8,940	37.8
	23,663	100.0
Net property income		
- Port logistics	9,933	46.0
- Specialised logistics	3,250	15.0
- E-commerce logistics	8,418	39.0
	21,601	100.0

(1) There were no comparatives for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.

Please refer to Items 8 and 9 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 Sections 8 and 9 for the review of the actual performance of EC World REIT.

16. Breakdown of sales

	Group
	1.1.17 to 31.3.17 ⁽¹⁾
	S\$'000
<u>First half of the year</u>	
Gross revenue	23,663
Net property income	21,601

(1) There were no comparatives for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus dated 20 July 2016, EC World REIT was not required to prepare historical pro forma financial statements.

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17. Breakdown of total distribution for the quarter ended 31 March 2017

In respect of the period:
1 January 2017 to 31 March 2017
(Payable on or around 28 June 2017)

Group
1.1.17 to 31.3.17
S\$'000
12,024
12,024

There are no comparatives for the corresponding period of the immediately preceding financial year as the first distribution by EC World REIT for the period from Listing Date to 30 September 2016 was made on 28 November 2016.

18. 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 of EC World REIT (the “Manager”) which may render these unaudited interim financial statements of the Group and ECW (comprising the statements of financial position as at 31 March 2017, 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.

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

Alvin Cheng Yu-Dong
Executive Director and Chief Executive Officer

Goh Toh Sim
Executive Director and President of
Investment & Asset Management

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

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

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

The Manager hereby certifies that in relation to the distribution to the Unitholders of EC World REIT for the quarter ended 31 March 2017:

- (a) EC World REIT will declare a distribution which is classified as capital distribution from a tax perspective, being derived from the consolidated audited net profit after tax of EC World REIT and its subsidiaries for the financial period, as adjusted to eliminate the effects of adjustments as listed in Item 1(a)(10).

EC World REIT’s distribution policy is to distribute 100% of EC World REIT’s distributable income for the period from the Listing Date to 31 December 2017. Thereafter, EC World REIT will distribute at least 90% of its distributable income for each financial year. The actual distribution will be determined at the Manager’s discretion.

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

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 EC World REIT), 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 EC World REIT. The forecast financial performance of EC World REIT 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.

BY ORDER OF THE BOARD OF
EC WORLD ASSET MANAGEMENT PTE. LTD.
AS MANAGER OF EC WORLD REAL ESTATE INVESTMENT TRUST
(Company Registration No. 20153015N)

Alvin Cheng
Executive Director and Chief Executive Officer
11 May 2017