
**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2017**

INTRODUCTION

ECW is a Singapore-domiciled real estate investment trust that was listed on SGX-ST on 28 July 2016 (“Listing Date”). ECW is constituted by the trust deed dated 5 August 2015. EC World Asset Management Pte. Ltd. is the manager of the 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.

The portfolio of ECW, 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 ECW dated 20 July 2016 (the “Prospectus”).

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

		Group	
		1.4.17 to 30.6.17 ⁽¹⁾	1.1.17 to 30.6.17 ⁽¹⁾
Notes	S\$'000	S\$'000	
Gross revenue	23,161	46,824	
Net property income	21,072	42,673	
Income available for distribution	12,010	24,034	
Distribution per unit ("DPU") (cents)	1.54	3.08	(2)
Annualised distribution yield (%)			
- Based on LPO price of S\$0.81 per unit	7.63	7.67	
- Based on share price of S\$0.81 per unit as at 30 June 2017	7.63	7.67	

Notes:

- (1) There were no comparative figures for the corresponding period of the immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW 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 of ECW for the period from the 1 April 2017 to 30 June 2017.

The Prospectus (page 96) states that "ECW'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 ECW for the period from Listing Date to 30 September 2016 on 28 November 2016. The second and third distribution based on ECW's quarterly results were made on 29 March 2017 and 28 June 2017 respectively. The next distribution for the period from 1 April 2017 to 30 June 2017 will be made on or around 28 September 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 April 2017 to 30 June 2017
Distribution type	Capital distribution
Distribution rate	1.54 cents
Book closure date	15 Aug 2017
Payment date (est)	28 September 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	
		1.4.17 to 30.6.17 ⁽¹⁾	1.1.17 to 30.6.17 ⁽¹⁾
		S\$'000	S\$'000
Statement of Total Return			
Gross revenue	(2)	23,161	46,824
Property expenses	(3)	(2,089)	(4,151)
Net property income		21,072	42,673
Finance income		376	690
Finance costs		(6,459)	(12,728)
Manager's management fees			
- Base fees		(1,201)	(2,403)
- Performance fees		(365)	(472)
Trustee's fees		(70)	(138)
Foreign exchange (loss)/gain	(4)	(355)	1,011
Other trust expenses	(5)	(264)	(632)
Net income		12,734	28,001
Net change in fair value of financial derivatives	(6)	(1,528)	(2,559)
Total return for the financial period before income tax		11,206	25,442
Income tax expenses		(3,309)	(7,115)
Total return for the financial period after income tax before distribution		7,897	18,327
Distribution statement			
Total return for the financial period after income tax before distribution		7,897	18,327
Distribution adjustments	(7)	4,113	5,707
Total amount available for distribution		12,010	24,034

Notes:

- (1) There were no comparative figures for the corresponding period of the immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW 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 following:

		Group	
		1.4.17 to 30.6.17	1.1.17 to 30.6.17
		S\$'000	S\$'000
Property maintenance and repair expenses		459	609
Property management fee		310	637
Business and property-related taxes		1,320	2,905
Total property expenses		2,089	4,151

- (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.

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- (6) Included under the net change in fair value of financial derivatives were net realized loss of S\$0.2 million on settlement of currency swap options and forward currency contracts, and revaluation of interest rate swaps and forward currency contracts put in place by the Manager to hedge interest rate risks and RMB income source of ECW.
- (7) Net effect of non (taxable income) / tax deductible expenses and other adjustments comprises:

	Group	
	1.4.17 to 30.6.17	1.1.17 to 30.6.17
	S\$'000	S\$'000
Straight lining of step-up rental, net of tax	(381)	(801)
Discounting of security deposit to present value, net of tax	(27)	(54)
Manager's base fees paid/payable in units	1,201	2,403
Manager's performance fees payable in units	365	472
Trustee's fees	70	138
Fair value loss on financial derivatives	1,528	2,559
Amortisation of upfront debt issuance costs	999	1,998
Foreign exchange loss/(gain), net (unrealised)	356	(1,010)
IPO expenses	2	2
Total distribution adjustments	4,113	5,707

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

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1(b)(i) Balance Sheet

		Group		ECW	
		Actual		Actual	
		30.6.17	31.12.16	30.6.17	31.12.16
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	(1)	110,077	103,665	7,541	11,113
Financial assets, at fair value through profit or loss	(2)	-	7,700	-	-
Derivative financial assets	(3)	11	417	11	417
Trade and other receivables		46,195	37,264	479	1,061
Loans to subsidiaries		-	-	241,557	241,557
		156,283	149,046	249,588	254,148
Non-current assets					
Investment properties	(4)	1,305,448	1,333,297	-	-
Investment in subsidiaries		-	-	- *	- *
		1,305,448	1,333,297	- *	- *
Total assets		1,461,731	1,482,343	249,588	254,148
LIABILITIES					
Current liabilities					
Trade and other payables		20,459	27,425	4,092	3,578
Borrowings	(5)	26,157	2,206	24,000	-
Derivative financial liabilities	(3)	2,362	387	2,362	387
Current income tax liabilities		6,042	10,798	1	1
		55,020	40,816	30,455	3,966
Non-current liabilities					
Borrowings	(5)	393,080	396,624	195,855	194,855
Deferred income tax liabilities	(6)	252,979	258,408	-	-
Trade and other payables		58,284	59,674	-	-
Government grant		647	702	-	-
		704,990	715,408	195,855	194,855
Total liabilities		760,010	756,224	226,310	198,821
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS					
		701,721	726,119	23,278	55,327
Represented by:					
Unitholders' funds	(7)	779,829	782,700	23,278	55,327
Foreign currency translation reserve		(78,108)	(56,581)	-	-
		701,721	726,119	23,278	55,327

* Less than S\$1,000.

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- (1) Includes RMB301.7 million (S\$61.4 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 in January 2017.
- (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 2017, the derivative instruments entered into are:
 (a) the fair value of the plain vanilla interest rate swap entered into to hedge the interest rate of the Offshore Facility; and
 (b) the fair value of the forward contract entered into to hedge the RMB income source
- (4) Represents the carrying values of the investment properties, including asset enhancement initiatives, effective rental adjustments and translation differences. The investment properties are pledged as security for the borrowings of ECW and its subsidiaries (collectively, the “Group”).
- (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	
	30.6.17	31.12.16	30.6.17	31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings				
Amount repayable in one year or less	26,157	2,206	24,000	-
	26,157	2,206	24,000	-
Amount repayable after one year	401,109	406,758	200,000	200,000
Less: Unamortised debt issuance costs	(8,029)	(10,134)	(4,145)	(5,145)
	393,080	396,624	195,855	194,855
Total borrowings	419,237	398,830	219,855	194,855

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Note:

Details of Collaterals and Borrowings

As at 30 June 2017, ECW has an aggregate amount of RMB998.9 million (S\$203.3 million) (2016: RMB1,004.2 million, equivalent to S\$204.3 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

ECW has put in place a 3-year RMB998.9 million (S\$203.3 million) secured term loan facility. The portion of the loan due for repayment within one year 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 (which refers to the six properties located in Hangzhou, the PRC);
- 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 and six months ended 30 June 2017 were 6.2% and 6.3% respectively. As at 30 June 2017, the above facilities were fully drawn.

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(b) Offshore Facility

ECW 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 account, 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 and six months ended 30 June 2017 were 5.1% and 4.9% respectively. As at 30 June 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 default of the Offshore Facility shall automatically trigger default of the Onshore Facilities and vice versa.

(c) Revolving Credit Facility

ECW has put in place an uncommitted revolving credit facility of S\$50.0 million with DBS Bank Ltd. As at 30 June 2017, ECW had drawdown total of S\$24.0 million short-term loan backed by standby letter of credit (“SBLC”) of S\$24.0 million issued by DBS Bank (China) Limited in favor of DBS Bank Ltd. The SBLC is collateralized against a cash deposit of RMB130 million (S\$26.5 million). The annualized all-in interest rate for the quarter and six months ended 30 June 2017 were 1.3%.

The annualized all-in interest rate for the ECW for the quarter and six months ended 30 June 2017 were 5.4%. The Aggregate Leverage for the Group as at the end of the period was 29.2% as compared to 28.6% as at 31 March 2017 (28.9% as at Listing date).

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1(c) Cash Flows Statement

		Group	
		1.4.17 to 30.6.17 ⁽¹⁾	1.1.17 to 30.6.17 ⁽¹⁾
		S\$'000	S\$'000
	Notes		
Cash Flows from Operating Activities			
Total return for the financial period		7,897	18,327
Adjustments for:			
- Income tax		3,309	7,115
- Interest income		(376)	(690)
- Finance cost		6,459	12,728
- Effect of straightling of step-up rental		(508)	(1,068)
- Effect of discounting security deposits to present value		(686)	(1,374)
- Fair value loss on derivative instruments		1,528	2,559
- Manager's fees payable in units		1,566	2,875
- Exchange loss/(gain)		356	(1,010)
Operating cash flow before working capital change		19,545	39,462
Changes in working capital:			
Trade and other receivables		(6,287)	(8,843)
Trade and other payables		2,260	(8,767)
Cash generated from operating activities		15,518	21,852
Interest received		296	602
Income tax paid (net)		(10,416)	(10,884)
Net cash provided by operating activities		5,398	11,570
Cash Flows from Investing Activities			
Additions to investment properties		(215)	(565)
Redemption of structured deposits	(2)	-	7,700
Net cash (outflow)/inflow from investing activities		(215)	7,135
Cash Flows from Financing Activities			
Repayment of borrowings		-	(1,098)
Distribution to Unitholders		(12,021)	(23,411)
Proceeds from borrowings	(3)	12,000	24,000
Interest paid		(4,598)	(9,178)
SBLC commission paid		(61)	(121)
Settlement of derivative financial instruments (net)		9	(178)
Placements of deposits for SBLC facilities	(3)	(13,279)	(26,455)
Increase in interest reserves		(5)	(10)
Issuance costs	(4)	-	(128)
Net cash outflow from financing activities		(17,955)	(36,579)
Net decrease in cash and cash equivalents		(12,772)	(17,874)
Cash and cash equivalents at beginning of financial period		86,784	94,338
Effects of exchange rate changes on cash and cash equivalents		396	(2,056)
Cash and cash equivalents at the end of financial period	(5)	74,408	74,408

Notes

- (1) There were no comparative figures for the corresponding period of the immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW was not required to prepare historical pro forma financial statements.
- (2) The RMB37.0 million placed with financial institutions which invested in debt securities in end December 2016 had been fully redeemed in January 2017.

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- (3) Refer to Item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (4) IPO underwriters’ fee incurred in accordance with 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:

Cash and cash equivalents (as per Balance Sheet)
Less:
- Interest reserves
- Cash collateral for SBLC facilities
Cash and cash equivalents per consolidated statement of cash flows

Group
30.6.17
S\$’000
110,077
(9,214)
(26,455)
74,408

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

	Group		ECW	
	1.4.17 to 30.6.17 ⁽¹⁾	1.1.17 to 30.6.17 ⁽¹⁾	1.4.17 to 30.6.17 ⁽¹⁾	1.1.17 to 30.6.17 ⁽¹⁾
	S\$’000	S\$’000	S\$’000	S\$’000
OPERATIONS				
Balance as at beginning of the period	728,548	718,118	(14,217)	(9,255)
Total return after tax	7,897	18,327	(5,889)	(10,851)
Balance as at end of the period	736,445	736,445	(20,106)	(20,106)
UNITHOLDERS’ CONTRIBUTION				
Balance as at beginning of the period	53,064	64,582	53,064	64,582
Movement during the period				
- Issuance costs	-	(128)	-	(128)
- Manager’s base fees paid in units	2,341	2,341	2,341	2,341
- Distributions to unitholders	(12,021)	(23,411)	(12,021)	(23,411)
Balance as at end of the period	43,384	43,384	43,384	43,384
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance as at beginning of the period	(81,923)	(56,581)	-	-
Translation differences relating to financial statements of foreign subsidiaries	3,815	(21,527)	-	-
Balance as at end of the period	(78,108)	(78,108)	-	-
Total Unitholders’ funds as at end of the period	701,721	701,721	23,278	23,278

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Notes

- (1) There were no comparative figures for the corresponding period of the immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW was not required to prepare historical pro forma financial statements.
- (2) IPO underwriters’ 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	
		1.4.17 to 30.6.17 ⁽¹⁾	1.1.17 to 30.6.17 ⁽¹⁾
		Units	Units
Balance as at beginning of period	Notes	778,515,845	778,515,845
New units issued:			
- Manager’s base fees paid in units		3,190,668	3,190,668
Issued units as at the end of period		781,706,513	781,706,513
New units to be issued			
- Manager’s base fees payable in units for 1.4.17 to 30.6.17	(2)	1,502,446	1,502,446
Total issued and to be issued units		783,208,959	783,208,959

Notes

- (1) There were no comparative figures for the corresponding period of the immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW was not required to prepare historical pro forma financial statements.
- (2) These are units to be issued to the Manager as payment for its base fees at an issue price which is computed based on the 10 business day VWAP of ECW traded on the SGX-ST.

The Manager has agreed to receive 100% of its base fee in the form of units for the period from the Listing Date to 31 December 2017 as stated in the Prospectus (pages 32 and 119).

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

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

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

Not applicable.

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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, ECW 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	
		1.4.17 to 30.6.17 ⁽¹⁾	1.1.17 to 30.6.17 ⁽¹⁾
Weighted average number of units as at end of period	Notes (2)	780,273,943	779,399,751
Earnings per unit ("EPU") - Basic and Diluted (cents)		1.01	2.35
Number of units entitled to distribution		781,706,513	781,706,513
Distribution per unit ("DPU") (cents)	(3)	1.54	3.08
Distribution per unit ("DPU") (cents) - Annualised		6.16	6.21

Notes

- (1) There were no comparative figures for the corresponding period of the immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW was not required to prepare historical pro forma financial statements.
- (2) EPU calculation uses the total return for the period after tax, and the weighted average number of units issued and to be issued. The diluted EPU is the same as 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 1.54 cents per unit for period 1 April 2017 to 30 June 2017 will be paid on or around 28 September 2017.

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

	As at 30.6.17	As at 31.12.16
NAV / NTA of Group - attributable to Unitholders (S\$'000)	701,721	726,119
NAV / NTA of REIT (S\$'000)	23,278	55,327
Number of units outstanding as at end of each period ('000)	781,707	778,516
Group's net asset value per unit (S\$)	0.90	0.93
REIT's net asset value per unit (S\$)	0.03	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

	Group					
	1.4.17 to 30.6.17			1.1.17 to 30.6.17		
	Actual	Forecast ⁽¹⁾	Change	Actual	Forecast ⁽¹⁾	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Statement of Total Return						
Gross revenue	23,161	22,613	2.4	46,824	45,226	3.5
Property expenses	(2,089)	(2,113)	(1.1)	(4,151)	(4,226)	(1.8)
Net property income	21,072	20,500	2.8	42,673	41,000	4.1
Finance income	376	427	(11.9)	690	733	(5.9)
Finance costs	(6,459)	(6,628)	(2.5)	(12,728)	(13,167)	(3.3)
Investment income	-	899	N/M	-	1,799	N/M
Manager's management fees						
- Base fees	(1,201)	(1,244)	(3.5)	(2,403)	(2,487)	(3.4)
- Performance fees	(365)	(108)	238.0	(472)	(215)	119.5
Trustee's fees	(70)	(78)	(10.3)	(138)	(157)	(12.1)
Foreign exchange (loss)/gain	(355)	-	N/M	1,011	-	N/M
Other trust expenses	(264)	(394)	(33.0)	(632)	(788)	(19.8)
Net income	12,734	13,374	(4.8)	28,001	26,718	4.8
Net change in fair value of financial derivatives	(1,528)	-	N/M	(2,559)	-	N/M
Total return for the financial period before income tax	11,206	13,374	(16.2)	25,442	26,718	(4.8)
Income tax expenses	(3,309)	(3,464)	(4.5)	(7,115)	(6,897)	3.2
Total return for the financial period after income tax before distribution	7,897	9,910	(20.3)	18,327	19,821	(7.5)

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)

7,897	9,910	(20.3)	18,327	19,821	(7.5)
4,113	1,711	140.4	5,707	3,422	66.8
12,010	11,621	3.3	24,034	23,243	3.4
1.54	1.48	4.1	3.08	2.94	4.8
6.16	5.94	3.7	6.21	5.94	4.6

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 immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW was not required to prepare historical pro forma financial statements.

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(i) Review of performance for the quarter ended 30 June 2017

Gross revenue was S\$23.2 million, S\$0.5 million or 2.4% higher when compared to the pro-rated forecast. Net property income (“NPI”) was S\$21.1 million, S\$0.6 million or 2.8% higher when compared to the pro-rated forecast. The higher NPI was due to additional rental income following completion of the asset enhancement initiatives in Chongxian Port Investment, lower property expenses incurred and stronger than forecasted SGD/RMB rate.

Finance cost was S\$6.5 million, lower by S\$0.2 million or 2.5% compared to the pro-rated forecast. This was mainly due to savings in finance costs arising from delay in the SBLC arrangement which were off-set by the finance cost of the new interest rate swap entered into during the financial period.

As announced on 30 September 2016 and 14 October 2016, the Manager had, after taking into account the current volatile PRC corporate bond market, decided not to invest in the security deposits in the PRC corporate bonds. 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 3.3% compared to the pro-rated forecast after distribution adjustments.

(ii) Review of performance for six months ended 30 June 2017

Gross revenue was S\$46.8 million, S\$1.6 million or 3.5% higher when compared to the pro-rated forecast. Net property income (“NPI”) was S\$42.7 million, S\$1.7 million or 4.1% higher when compared to the pro-rated forecast. The higher NPI was due to additional rental income following completion of the asset enhancement initiatives in Chongxian Port Investment, lower property expenses incurred and stronger than forecasted SGD/RMB rate.

Finance cost was S\$12.7 million, lower by S\$0.4 million or 3.3% compared to the pro-rated forecast. This was mainly due to savings in finance costs arising from delay in the SBLC arrangement which were off-set by the finance cost of the new interest rate swap entered into during the financial period.

As announced on 30 September 2016 and 14 October 2016, the Manager had, after taking into account the current volatile PRC corporate bond market, decided not to invest in the security deposits in the PRC corporate bonds. 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\$24.0 million, higher by S\$0.8 million or 3.4% 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

In the first half of 2017, China’s economy expanded 6.9%¹, better than the 6.5%² full year growth target. E-commerce in China continues to expand rapidly. According to China’s National Bureau of Statistics, online retail sales in China grew 33.4% in 1H17, compared with a 10.4% growth in total retail sales in the same period.

In the first half of 2017, in Hangzhou, GDP grew 8.1% while e-commerce industries grew by 44.1%³.

All of our six assets are located in Hangzhou and our portfolio provides stable income with organic growth potential due to built-in escalations in our leases. For example, three of the six Group’s assets, namely Chongxian Port Investment, Fu Heng Warehouse and Bei Gang Logistics enjoy long master leases expiring in 2020. At Bei Gang Logistics, rental escalates by 1% every January. At both Chongxian Port Investment and Fu Heng Warehouse, rental escalation is 6%, 5%, 4% and 3% in 2017, 2018, 2019 and 2020 respectively.

Furthermore, Hengde Logistics, a specialised warehouse used for tobacco storage, has two long leases with China Tobacco Zhejiang Industrial Co., Ltd expiring in 2020 and 2021 respectively. China Tobacco Zhejiang is a government-owned enterprise. Fuzhuo Industrial, a port logistics asset, has two leases. The first lease expires in 2020 with 10% rental escalation in 2017 and 2018 and 15% in 2019. The second lease expires in 2029 with 7.5% escalation in 2017 and every three years thereafter. On the other hand, Chongxian Port Logistics has multiple leases with tenants with the majority having rental escalation clause of 10% in the first three years, and 12% from the fourth year.

We are actively pursuing quality, yield-accretive investment opportunities in China and in the region. Interest rate exposure on the offshore loan has been fully hedged and we have entered foreign exchange forward contracts to hedge currency exposure for our distribution payments to further reduce volatility in our distributions.

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

² Reuters (17 July 2017): <http://www.reuters.com/article/us-china-economy-gdp-idUSKBN1A2044>

³ Hangzhou statistics (24 July 2017): <http://www.hzstats.gov.cn>

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11. Distribution

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 April 2017 to 30 June 2017

Distribution types: Capital Distribution

Distribution rate: 1.54 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 April 2017 to 30 June 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 September 2017

(d) Books Closure 15 August 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 April 2017 to 30 June 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.

ECW does not have a general mandate from Unitholders for interested person transactions.

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14. Segmental results

	Group			
	1.4.17 to 30.6.17 ⁽¹⁾		1.1.17 to 30.6.17 ⁽¹⁾	
	S\$'000	%	S\$'000	%
Gross revenue				
- Port logistics	10,761	46.5	21,692	46.4
- Specialised logistics	3,667	15.8	7,459	15.9
- E-commerce logistics	8,733	37.7	17,673	37.7
	23,161	100.0	46,824	100.0
Net property income				
- Port logistics	10,560	50.1	20,493	48.0
- Specialised logistics	3,665	17.4	6,915	16.2
- E-commerce logistics	6,847	32.5	15,265	35.8
	21,072	100.0	42,673	100.0

(1) There were no comparatives for the corresponding period of the immediate preceding financial year. As disclosed in the Prospectus dated 20 July 2016, ECW 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 ECW.

16. Breakdown of sales

	Group
	1.1.17 to 30.6.17 ⁽¹⁾
	S\$'000
<u>First half of the year</u>	
Gross revenue	46,824
Net property income	42,673

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

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17. Breakdown of total distribution for the financial period ended 30 June 2017

In respect of the period:
 1 January 2017 to 31 March 2017
 1 April 2017 to 30 June 2017
(Payable on or around 28 September 2017)

Group
1.1.17 to 30.6.17
S\$'000
12,024
12,010
24,034

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

18. Utilisation of IPO Proceeds

Uses	Amount allocated (S\$)	Amount utilised (S\$)	Balance (S\$)
Acquisition of PRC Property Companies	231,003,000	230,127,724	875,276
Repayment of existing loans	205,908,000	205,908,000	-
Redemption	545,936,000	545,936,000	-
Payment of initial paid-in capital	11,545,000	11,429,011	115,989
Transaction costs	29,597,000	26,808,588	2,788,412
Offshore interest reserve requirement	3,798,000	3,798,590	(590)
Working capital	6,060,000	9,839,087	(3,779,087)
Capital expenditure	1,846,000	1,846,000	-
Total	1,035,693,000	1,035,693,000	-

The breakdown on the use of IPO proceeds for the working capital is as follows:

Specific uses	Amount utilised (S\$)
Interest expenses	2,123,995.00
Distribution for the period from 28 July 2016 (Listing Date) to 30 September 2016	7,715,092.08
Total	9,839,087.08

The IPO proceeds have been fully utilised in accordance with the stated uses and amounts allocated in the Prospectus.

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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.

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 for the quarter ended 30 June 2017:

- (a) ECW will declare a distribution which is classified as capital distribution from a tax perspective, being derived from the consolidated net profit after tax of ECW and its subsidiaries for the financial period, as adjusted to eliminate the effects of adjustments as listed in Item 1(a)(7).

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

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Manager which may render these unaudited interim financial statements of the Group and ECW (comprising the statements of financial position as at 30 June 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

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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.

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
3 August 2017