
**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED
31 DECEMBER 2018**

INTRODUCTION

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

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

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

ECW’s initial IPO portfolio comprised six properties (collectively known as the “IPO 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);

On 16 April 2018, ECW successfully completed the acquisition of Wujiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. which is the sole legal and beneficial owner of the industrial property known as the Wuhan Meiluote.

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Summary Results of ECW

		Group					
		1.10.18 to 31.12.18	1.10.17 to 31.12.17	Change	1.1.18 to 31.12.18	1.1.17 to 31.12.17	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(1)	23,473	20,678	13.5	96,229	91,368	5.3
Net property income	(2)	20,840	17,945	16.1	87,336	82,704	5.6
Distribution to Unitholders		12,441	11,802	5.4	48,801	47,117	3.6
Distribution per unit ("DPU") (cents)	(3)	1.570	1.504	4.4	6.179	6.025	2.6
Annualised distribution yield (%)							
- Based on share price of S\$0.69 per unit as at 31 December 2018		9.03	8.65	4.4	8.96	8.73	2.6

Notes:

- (1) The gross revenue without effective rent and security deposit accretion accounting adjustments was S\$22.8 million in 4Q18 (4Q17: S\$22.4 million).
- (2) The net property income without effective rent and security deposit accretion accounting adjustments was S\$20.1 million in 4Q18 (4Q17: S\$19.6 million).
- (3) ECW's distribution policy is distribute at least 90% of distributable income for each financial year on a semi-annual basis. In the interest of the Unitholders, ECW has been making distribution on a quarterly basis since its first distribution on 28 November 2016. For 4Q18, the Manager has resolved to distribute 100% of the capital distribution to Unitholders. Please refer to section 1(a) for the distribution statement. The Manager will determine at a later stage whether it will change subsequent distributions periods from a semi-annual basis to quarterly basis. The next distribution for the period from 1 October 2018 to 31 December 2018 will be made on or around 29 March 2019.

Distribution and Book Closure Date

Distribution	1 October 2018 to 31 December 2018
Distribution type	Capital distribution
Distribution rate	1.570 cents
Book closure date	19 March 2019
Payment date (est)	29 March 2019

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

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1(a) Statement of Total Return and Distribution Statement

<u>Statement of Total Return</u>		Group					
		1.10.18 to 31.12.18	1.10.17 to 31.12.17	Change	1.1.18 to 31.12.18	1.1.17 to 31.12.17	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Gross revenue	23,473	20,678	13.5	96,229	91,368	5.3
(1)	Property expenses	(2,633)	(2,733)	(3.7)	(8,893)	(8,664)	2.6
	Net property income	20,840	17,945	16.1	87,336	82,704	5.6
	Finance income	424	410	3.4	1,519	1,481	2.6
	Finance costs	(6,943)	(6,582)	5.5	(27,413)	(25,849)	6.1
(3)	Manager's management fees						
	- Base fees	(1,243)	(1,180)	5.3	(4,901)	(4,711)	4.0
	- Performance fees	(74)	(120)	(38.3)	(223)	(594)	(62.5)
	Trustee's fees	(72)	(71)	1.4	(289)	(277)	4.3
(4)	Foreign exchange gain/(loss)	619	(529)	(217.0)	1,835	234	684.2
(5)	Other trust expenses	44	(471)	(109.3)	(946)	(1,463)	(35.3)
	Net income	13,595	9,402	44.6	56,918	51,525	10.5
(6)	Net change in fair value of investment properties	5,568	21,723	(74.4)	12,015	21,723	(44.7)
(7)	Net change in fair value of financial derivatives	(34)	489	(107.0)	1,263	(1,867)	(167.6)
	Total return for the financial period before income tax	19,129	31,614	(39.5)	70,196	71,381	(1.7)
	Income tax expenses	(7,402)	(12,204)	(39.3)	(23,261)	(23,766)	(2.1)
	Total return for the financial period after income tax before distribution	11,727	19,410	(39.6)	46,935	47,615	(1.4)
<u>Distribution statement</u>							
	Total return for the financial period after income tax before distribution	11,727	19,410	(39.6)	46,935	47,615	(1.4)
(8)	Distribution adjustments	714	(7,608)	(109.4)	2,072	(498)	(516.1)
	Total amount available for distribution	12,441	11,802	5.4	49,007	47,117	4.0
	Distribution to Unitholders	12,441	11,802	5.4	48,801	47,117	3.6

Notes:

- (1) Gross revenue comprises gross rental income and other income from the investment properties.
- (2) Property expenses comprise property management fee, reimbursable expenses payable to Property Manager and other property related expenses.
- (3) 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.

For the financial year ended 31 December 2017, the difference in DPU shall be the difference between the actual DPU in such Financial Year and the actual annualised DPU in the Financial Year ended 31 December 2016.

- (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) The investment properties were revalued on 31 December 2018 by Jones Lang LaSalle Property Consultants Private Limited.

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- (7) The net change in fair value of financial derivatives which was put in place by the Manager to hedge interest rate risks and RMB income source of ECW.
- (8) Net effect of non (taxable income) / tax deductible expenses and other adjustments comprises:

	Group					
	1.10.18 to	1.10.17 to	Change	1.1.18 to	1.1.17 to	Change
	31.12.18	31.12.17	%	31.12.18	31.12.17	%
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Straight-lining of step-up rental	(18)	2,393	(100.8)	(166)	360	(146.1)
Security deposit accretion	(2)	(36)	(94.4)	(7)	(144)	(95.1)
Manager's base fees paid/payable in units	1,243	1,180	5.3	4,901	4,711	4.0
Manager's performance fees payable in units	74	120	(38.3)	223	594	(62.5)
Trustee's fees	72	71	1.4	289	277	4.3
Fair value gain on investment properties	(5,568)	(21,723)	(74.4)	(12,015)	(21,723)	(44.7)
Deferred tax charged, net	4,559	7,934	(42.5)	7,969	8,470	(5.9)
Fair value loss/(gain) on financial derivatives	34	(489)	(107.0)	(1,263)	1,867	(167.6)
IPO expenses	-	424	N/M	-	426	N/M
Amortisation of upfront debt issuance costs	1,027	959	7.1	4,122	3,977	3.6
Foreign exchange (gain)/loss, net (unrealised)	(715)	485	(247.4)	(1,974)	(391)	404.9
Provision of doubtful debts	-	1,074	N/M	-	1,074	N/M
Others	8	-	N/M	(7)	4	(275.0)
Total distribution adjustments	714	(7,608)	(109.4)	2,072	(498)	(516.1)

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1(b)(i) Balance Sheet

		Group		ECW	
		Actual		Actual	
		31.12.18	31.12.17	31.12.18	31.12.17
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	(1)	142,127	138,644	10,011	6,823
Derivative financial assets	(2)	329	-	329	-
Trade and other receivables		38,334	35,585	866	357
Loans to subsidiaries		-	-	241,557	241,557
		180,790	174,229	252,763	248,737
Non-current assets					
Investment properties	(3)	1,335,034	1,337,010	-	-
Investment in subsidiaries		-	-	- *	- *
		1,335,034	1,337,010	- *	- *
Total assets		1,515,824	1,511,239	252,763	248,737
LIABILITIES					
Current liabilities					
Trade and other payables		23,354	24,597	3,803	4,055
Borrowings	(4)	474,705	40,142	280,746	38,000
Derivative financial liabilities	(2)	95	1,296	95	1,296
Current income tax liabilities		9,153	9,867	2	2
		507,307	75,902	284,646	43,353
Non-current liabilities					
Borrowings	(4)	-	395,359	-	196,838
Deferred income tax liabilities	(5)	262,442	263,061	-	-
Trade and other payables		56,917	58,640	-	-
Government grant		606	659	-	-
		319,965	717,719	-	196,838
Total liabilities		827,272	793,621	284,646	240,191
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		688,552	717,618	(31,883)	8,546
Represented by:					
UNITHOLDERS' FUNDS	(6)	688,552	717,618	(31,883)	8,546

* Less than S\$1,000.

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- (1) Includes RMB151.7 million (S\$30.1 million) cash security deposits received from the master leases and cash deposits of RMB450.2 million (S\$89.3 million) placed as collateral for standby letter of credit (“SBLC”) issuance. Deposits were placed with DBS Bank (China) Limited and United Overseas Bank (China) Limited which has a good credit rating.
- (2) This relates to the fair values of the derivative financial instruments entered into to hedge the various risks of ECW. As at 31 December 2018, the derivative instruments entered into are:
 (a) Plain vanilla interest rate swaps (to hedge the interest rate of the Offshore Facility); and
 (b) Currency options contracts (to hedge the expected income repatriation from China to Singapore).
- (3) 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”).

On 16 April 2018, ECW successfully completed the acquisition of Wuhan Meiluote. The acquisition was funded by cash security deposit (RMB150.0 million) received under the master leases.

- (4) Credit facilities put in place at IPO due in July 2019. The Manager is in discussion with prospective lenders on the refinancing.

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

- (5) Relates mainly to the deferred tax liability arising from the fair valuation of investment properties.

- (6) 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	
	31.12.18	31.12.17	31.12.18	31.12.17
	S\$’000	S\$’000	S\$’000	S\$’000
Secured borrowings				
Amount repayable in one year or less	476,918	40,173	281,900	38,000
Less: Unamortised debt issuance costs	(2,213)	(31)	(1,154)	-
	474,705	40,142	280,746	38,000
Amount repayable after one year	-	401,505	-	200,000
Less: Unamortised debt issuance costs	-	(6,146)	-	(3,162)
	-	395,359	-	196,838
Total borrowings	474,705	435,501	280,746	234,838

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Note:

Details of Collaterals and Borrowings

As at 31 December 2018, ECW has an aggregate borrowing of RMB983.0 million (S\$195.0 million) (31 December 2017: RMB993.6 million, equivalent to S\$197.1 million) from the Onshore secured term loans facility (the “**Onshore Facilities**”), S\$200.0 million syndicated secured term loan facility (the “**Offshore Facility**”) and S\$81.9 million revolving credit facility.

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 RMB1,004.2 million (S\$199.2 million) secured term loan facility.

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 and Wuhan Meiluote;
- iv) A pledge of all sales proceeds, rental income, bond pledge and all other revenue derived from the IPO Properties and Wuhan Meiluote;
- v) An assignment of all material agreements in relation to the IPO Properties and Wuhan Meiluote;
- vi) An assignment of all insurance policies in relation to the IPO Properties and Wuhan Meiluote 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 annualised all-in interest rate for the quarter and full year ended 31 December 2018 was 6.3% and 6.5% respectively. The annualised all-in running interest rate for the quarter and full year ended 31 December 2018 was 5.5%. As at 31 December 2018, the above facilities were fully drawn down.

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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 annualised all-in interest rate for the quarter and full year ended 31 December 2018 was 5.2%. The annualised all-in running interest rate for the quarter and full year ended 31 December 2018 was 4.1%. As at 31 December 2018, the above facilities were fully drawn down 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\$100.0 million with DBS Bank Ltd (“DBS”) and United Overseas Bank Ltd (“UOB”). As at 31 December 2018, ECW had drawn down a total of S\$81.9 million short-term loan backed by SBLC issued by DBS Bank (China) Limited and United Overseas Bank (China) Ltd. The SBLC is collateralised against a total cash deposit of RMB450.2 million (S\$89.3 million). The annualised all-in interest rate and all-in running interest rate for the quarter and full year ended 31 December 2018 was 2.3% and 2.2% respectively.

The annualised all-in interest rate of the aggregate facilities for the quarter and full year ended 31 December 2018 was 5.1% and 5.2% respectively. The annualised all-in running interest rate for the quarter and full year ended 31 December 2018 was 4.4% and 4.3% respectively. The Aggregate Leverage for the Group as at the end of the period was 31.5%.

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1(c) Cash Flows Statement

		Group			
		1.10.18 to 31.12.18	1.10.17 to 31.12.17	1.1.18 to 31.12.18	1.1.2017 to 31.12.2017
		S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities					
Total return for the financial period		11,727	19,410	46,935	47,615
Adjustments for:					
- Income tax		7,402	12,204	23,261	23,766
- Interest income		(424)	(410)	(1,519)	(1,481)
- Finance cost		6,943	6,582	27,413	25,849
- Effect of straight lining of step-up rental		(18)	2,393	(166)	360
- Effect of security deposits accretion		(680)	(700)	(2,768)	(2,771)
- Fair value loss/(gain) on derivative instruments		34	(489)	(1,263)	1,867
- Fair value gain on investment properties		(5,568)	(21,723)	(12,015)	(21,723)
- (Write-back)/allowance for doubtful receivables		(116)	1,074	(116)	1,074
- Manager's base fees payable in units		1,243	1,180	4,901	4,711
- Manager's performance fees payable in units		74	120	223	594
- Exchange (gain)/loss		(715)	485	(1,974)	(391)
Operating cash flow before working capital change		19,902	20,126	82,912	79,470
Changes in working capital:					
Trade and other receivables		3,058	8,296	(407)	843
Trade and other payables		1,871	2,649	(4,443)	(4,609)
Cash generated from operating activities		24,831	31,071	78,062	75,704
Interest received		326	333	1,192	1,240
Income tax paid (net)		(1,062)	(710)	(15,901)	(15,974)
Net cash provided by operating activities		24,095	30,694	63,353	60,970
Cash Flows from Investing Activities					
Additions to investment properties		(848)	(1,417)	(1,462)	(2,163)
Acquisition of subsidiary		-	-	(28,915)	-
Proceeds from disposal of investment properties		-	37	-	37
Redemption of structured deposits		-	-	-	7,700
Net cash (used in)/provided by investing activities		(848)	(1,380)	(30,377)	5,574
Cash Flows from Financing Activities					
Repayment of borrowings		-	-	(2,166)	(2,171)
Distribution to Unitholders		(12,406)	(11,278)	(48,145)	(46,728)
Proceeds from borrowings		20,000	14,000	43,900	38,000
Interest paid		(4,993)	(4,988)	(19,822)	(18,964)
SBLC commission paid		(106)	(70)	(382)	(191)
Settlement of derivative financial instruments (net)		54	(186)	(266)	(541)
Placements of deposits for SBLC facilities		(22,381)	(15,519)	(48,801)	(41,974)
Increase in interest reserves		(4)	(5)	(19)	(19)
Issuance costs		-	251	-	123
Net cash used in financing activities		(19,836)	(17,795)	(75,701)	(72,465)
Net increase/(decrease) in cash and cash equivalents		3,411	11,519	(42,725)	(5,921)
Cash and cash equivalents at beginning of financial period		40,514	74,787	87,150	94,338
Effects of exchange rate changes on cash and cash equivalents		(227)	844	(727)	(1,267)
Cash and cash equivalents at the end of financial period		43,698	87,150	43,698	87,150

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Notes

- (1) On 16 April 2018, ECW successfully completed the acquisition of Wuhan Meiluote. The acquisition was funded by cash security deposit (RMB150.0 million) received under the master leases.
- (2) The RMB37.0 million placed with financial institutions which invested in debt securities in December 2016 had been fully redeemed in January 2017.
- (3) Refer to Item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (4) IPO underwriters’ fee and legal 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:

	Group	
	31.12.2018	31.12.2017
	S\$’000	S\$’000
Cash and cash equivalents (as per Balance Sheet)	142,127	138,644
Less:		
- Interest reserves [#]	(9,107)	(9,264)
- Cash collateral for SBLC facilities	(89,322)	(42,230)
Cash and cash equivalents per consolidated statement of cash flows	43,698	87,150

[#] Bank deposits maintained as interest reserves, as required by the offshore term loan and onshore syndicated loan facility agreements.

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

	Group		Group	
	1.10.18 to 31.12.18	1.10.17 to 31.12.17	1.1.18 to 31.12.18	1.1.17 to 31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Balance as at beginning of the period	793,979	743,216	758,771	715,011
Total return after tax	11,727	19,410	46,935	47,615
Transfer to general reserves	(3,879)	(3,855)	(3,879)	(3,855)
Balance as at end of the period	801,827	758,771	801,827	758,771
GENERAL RESERVES				
Balance as at beginning of the period	6,962	3,107	6,962	3,107
Transfer from operations	3,879	3,855	3,879	3,855
Balance as at end of the period	10,841	6,962	10,841	6,962
UNITHOLDERS' CONTRIBUTION				
Balance as at beginning of the period	(8,983)	32,546	22,647	64,582
Movement during the period				
- Issuance costs	(1)	251	-	123
- Manager's base fees paid in units	1,252	1,128	4,838	4,670
- Manager's performance fees paid in units	-	-	523	-
- Distributions to unitholders	(12,406)	(11,278)	(48,145)	(46,728)
Balance as at end of the period	(20,137)	22,647	(20,137)	22,647
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance as at beginning of the period	(102,942)	(78,467)	(70,762)	(56,581)
Translation differences relating to financial statements of foreign subsidiaries	(1,037)	7,705	(33,217)	(14,181)
Balance as at end of the period	(103,979)	(70,762)	(103,979)	(70,762)
Total Unitholders' funds as at end of the period	688,552	717,618	688,552	717,618

	ECW		ECW	
	1.10.18 to 31.12.18	1.10.17 to 31.12.17	1.1.18 to 31.12.18	1.1.17 to 31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Balance as at beginning of the period	(7,382)	(10,138)	(14,101)	(9,255)
Total return after tax	(4,364)	(3,963)	2,355	(4,846)
Balance as at end of the period	(11,746)	(14,101)	(11,746)	(14,101)
UNITHOLDERS' CONTRIBUTION				
Balance as at beginning of the period	(8,983)	32,546	22,647	64,582
Movement during the period				
- Issuance costs	(1)	251	-	123
- Manager's base fees paid in units	1,252	1,128	4,838	4,670
- Manager's performance fees paid in units	-	-	523	-
- Distributions to unitholders	(12,406)	(11,278)	(48,145)	(46,728)
Balance as at end of the period	(20,137)	22,647	(20,137)	22,647
Total Unitholders' funds as at end of the period	(31,883)	8,546	(31,883)	8,546

Note

- (1) IPO underwriters' fee and legal fee incurred in accordance to transaction costs as disclosed in the Prospectus paid during the quarter.

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

		Group and ECW			
		1.10.18 to 31.12.18	1.10.17 to 31.12.17	1.1.18 to 31.12.18	1.1.17 to 31.12.17
		Units	Units	Units	Units
Balance as at beginning of period	Note	790,198,359	783,208,959	784,657,527	778,515,845
- Manager's base fees paid in units		1,815,958	1,448,568	6,667,379	6,141,682
- Manager's performance fees paid in units		-	-	689,411	-
Issued units as at the end of period		792,014,317	784,657,527	792,014,317	784,657,527
Units to be issued	(1)				
- Manager's base fees payable in units for 1.10.18 to 31.12.18		1,804,183	-	1,804,183	-
- Manager's base fees payable in units for 1.10.17 to 31.12.17		-	1,554,527	-	1,554,527
- Manager's performance fees payable in units		422,814	689,411	422,814	689,411
Total issued and to be issued units		794,241,314	786,901,465	794,241,314	786,901,465

Note

- (1) These are units to be issued to the Manager as payment for its base fees and performance fees at an issue price which is computed based on the 10 business day volume-weighted average price of ECW traded on the SGX-ST.

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

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

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

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

Not applicable.

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

Except as disclosed in item 5 below, ECW has applied the same accounting policies and methods of computation in the preparation of financial statements for the current reporting period compared with the audited financial statement for the financial year ended 31 December 2017.

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

ECW has adopted new Financial Reporting Standards in Singapore ("FRSs") and interpretations effective for the financial period beginning 1 January 2018 as follows:

(i) FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

There was no significant impact to the financial statements of the Group. Accordingly, comparative financial information presented in this set of announcement has not been restated.

(ii) FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets, and hedge accounting. FRS 109 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

There was no change in measurement basis arising from the adoption of the new classification and measurement model. In assessing for impairment losses on financial assets, the Group has adopted the simplified approach and recorded lifetime expected losses on all trade receivables using the expected credit loss model.

There was no significant impact to the financial statements of ECW. Accordingly, ECW did not recognise any adjustments to the opening unitholders' funds on 1 January 2018.

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

		Group			
Note		1.10.18 to 31.12.18	1.10.17 to 31.12.17	1.1.18 to 31.12.18	1.1.17 to 31.12.17
	Weighted average number of units as at end of period	790,711,565	783,697,063	787,740,877	781,196,061
	Earnings per unit ("EPU") - Basic and Diluted (cents)	1.48	2.48	5.96	6.10
	Number of units entitled to distribution	792,014,317	784,657,527	792,014,317	784,657,527
	Distribution per unit ("DPU") (cents)	1.570	1.504	6.179	6.025
	Distribution per unit ("DPU") (cents) - Annualised	6.229	5.967	6.179	6.025

Notes

- (1) EPU calculation uses the total return for the period after tax, and the weighted average number of units issued. The diluted EPU is the same as basic EPU as no dilutive instruments were in issue during the period.
- (2) DPU was computed and rounded based on the number of units entitled to distribution at the end of the period. Distribution of 1.570 cents per unit for period 1 October 2018 to 31 December 2018 will be paid on or around 29 March 2019.

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

	As at 31.12.18	As at 31.12.17
NAV / NTA of Group - attributable to Unitholders (S\$'000)	688,552	717,618
NAV / NTA of REIT (S\$'000)	(31,883)	8,546
Number of units outstanding as at end of each period ('000)	792,014	784,658
Group's net asset value per unit (S\$)	0.87	0.91
REIT's net asset value per unit (S\$)	(0.04)	0.01

8. Review of the Performance

(i) Review of performance for the quarter ended 31 December 2018

Gross revenue of S\$23.5 million was S\$2.8 million or 13.5% higher compared to 4Q 2017. Net property income ("NPI") of S\$20.8 million was S\$2.9 million or 16.1% higher compared to 4Q 2017. The increase in gross revenue was mainly due to income contribution from Wuhan Meiluote which was acquired in April 2018, organic growth from built-in rental escalation as well as accounting adjustments for effective rent and security deposits. Excluding the accounting adjustments, gross revenue and NPI would have increased by 1.8% and 2.6% to S\$22.8m and S\$20.1m respectively.

Finance costs of S\$6.9 million were S\$0.4 million or 5.5% higher compared to 4Q 2017. This was mainly due to higher borrowings compared to same quarter last year.

Income tax expenses of S\$7.4 million were S\$4.8 million or 39.3% lower compared to 4Q 2017. The decrease was mainly due to lower deferred tax on fair value gain of investment properties.

Distribution to Unitholders was S\$12.4 million, representing S\$0.6 million or 5.4% increase compared to 4Q 2017.

(ii) Review of performance for the twelve months ended 31 December 2018

Gross revenue of S\$96.2 million was S\$4.9 million or 5.3% higher when compared to 2017. NPI of S\$87.3 million was S\$4.6 million or 5.6% higher compared to 2017. The increases in gross revenue and NPI were mainly due to contribution from Wuhan Meiluote which was acquired in April 2018 as well as organic growth from built-in rental escalation and positive rental reversion on new leases signed during the year.

Finance costs of S\$27.4 million were S\$1.6 million or 6.1% higher compared to 2017. This was mainly due to the renewal of SBLC in 2018 and increase in borrowings.

Distribution to Unitholders was S\$48.8 million, equivalent to S\$1.7 million or 3.6% higher compared to 2017.

9. Variance between the forecast

ECW did not disclose any financial forecast to the market.

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

The Chinese Gross Domestic Product (“GDP”) expanded 6.6% year on year¹. Online retail sales in China grew 23.9% Year-on-Year (“YoY”), compared to a 3.4% growth in total retail sales of consumer goods¹ for 2018. Hangzhou’s GDP² grew 6.7% in 2018. Total retail sales of consumer goods increased 9.0% to RMB571.5 billion while online retail sales increased 23.3% to RMB530.4 billion.

The macroeconomic environment continues to be challenging in light of the ongoing US-Sino trade tension. Top policy makers in China indicated that monetary and fiscal measures will be implemented to stimulate the economy in 2019. For instance, China will reduce the tax burden for small and micro-sized companies by RMB200 billion per year for the next three years along with reduction in land-use tax, city-maintenance tax, stamp duty, resource tax and farmland-conversion tax as well as personal tax³.

As at 31 December 2018, ECW’s portfolio of seven properties has a strong average committed occupancy of 99.2% with steady organic growth. The resilient financial and operating performance of ECW’s assets can be attributed to the built-in escalations in the lease structures which provides predictability and sustainability in earnings.

The Manager announced the proposed entry into the New Master Lease Agreements (“**New Master Lease Agreements**”) for Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse. The New Master Lease Agreements will significantly extend ECW’s weighted average lease to expiry⁴, provides income certainty and sustainability with organic growth through built-in rental escalations. A circular will be issued to the unitholders of ECW in due course, together with a notice of extraordinary general meeting, for the purpose of seeking the approval of Unitholders for the proposed entry into the New Master Lease Agreements.

The Manager continues to deploy a proactive FX management strategy to ensure stable distributions to our unitholders. Interest rate exposure on the offshore loan and currency exposure for distributions to unitholders have been hedged six months forward.

¹ China’s National Bureau of Statistics: <http://www.stats.gov.cn>

² Hangzhou Bureau of Statistics: <http://tjj.hangzhou.gov.cn>

³ Bloomberg: 09 Jan 2019: China Announces \$29 Billion Annual Tax Cut for Small Companies

⁴ Weighted Average Lease to Expiry by Gross Revenue contribution is expected to extend from 2.0 years as at 31 December 2018 to 4.8 years post-entry into New Master Lease Agreements

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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 October 2018 to 31 December 2018

Distribution types: Capital distribution

Distribution rate: 1.570 cents 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 October 2018 to 31 December 2018.

(b) Corresponding period of the preceding financial period

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

Yes. A capital distribution of 1.504 cents per unit was declared for the period from 1 October 2017 to 31 December 2017.

(c) Date Payable (est.) 29 March 2019

(d) Books Closure 19 March 2019
Date/Record Date

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

A distribution has been declared for the period from 1 October 2018 to 31 December 2018.

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							
	1.10.18 to 31.12.18		1.10.17 to 31.12.17		1.1.18 to 31.12.18		1.1.17 to 31.12.17	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Gross revenue								
- Port logistics	10,999	46.9	9,111	44.1	44,757	46.6	42,141	46.2
- Specialised logistics	3,600	15.3	3,606	17.4	14,785	15.4	14,807	16.1
- E-commerce logistics	8,874	37.8	7,961	38.5	36,687	38.0	34,420	37.7
	23,473	100.0	20,678	100.0	96,229	100.0	91,368	100.0
Net property income								
- Port logistics	10,533	50.5	7,511	41.9	41,678	47.7	38,833	47.0
- Specialised logistics	3,427	16.4	3,506	19.5	13,664	15.6	13,823	16.7
- E-commerce logistics	6,880	33.1	6,928	38.6	31,994	36.7	30,048	36.3
	20,840	100.0	17,945	100.0	87,336	100.0	82,704	100.0

Please refer to Item 8 for review of actual performance.

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

Please refer to Item 8 for the review of the actual performance.

16. Breakdown of sales

	Group		
	1.1.18 to 31.12.18	1.1.17 to 31.12.17	Change
	S\$'000	S\$'000	%
<u>First half of the year</u>			
Gross revenue	48,865	46,824	4.4
Net property income	44,297	42,673	3.8
<u>Second half of the year</u>			
Gross revenue	47,364	44,544	6.3
Net property income	43,039	40,031	7.5

Please refer to Item 8 for review of actual performance.

17. Status of Master lease agreements

Property	Commencement date	Remaining term (Years)	Gross revenue received from
			1.1.18 to 31.12.18 (inclusive of VAT) (RMB'000)
Chongxian Port Investment	1 January 2016	2.00	158,388
The Stage 1 Properties of Bei Gang Logistics	1 November 2015	1.80	126,084
Fu Heng Warehouse	1 January 2016	2.00	45,799

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18. Breakdown of total distribution for the financial period ended 31 December 2018

	Group	
	1.1.18 to 31.12.18	1.1.17 to 31.12.17
	S\$'000	S\$'000
In respect of the period:		
1 January 2017 to 31 March 2017	-	12,024
1 April 2017 to 30 June 2017	-	12,010
1 July 2017 to 30 September 2017	-	11,281
1 October 2017 to 31 December 2017		11,802
1 January 2018 to 31 March 2018	11,562	-
1 April 2018 to 30 June 2018	12,384	-
1 July 2018 to 30 September 2018	12,414	-
1 October 2018 to 31 December 2018 <i>(Payable on or around 29 March 2019)</i>	12,441	
	48,801	47,117

19. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of EC World Asset Management Pte Ltd (the “Company”), as manager of ECW, confirms that there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or Chief Executive Officer or substantial unitholders of ECW.

20. 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.

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

The Manager hereby certifies that in relation to the distribution to the Unitholders for the quarter ended 31 December 2018:

- (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)(8).

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, immediately after making the distributions, ECW will be able to fulfill, from its deposited properties, its liabilities as they fall due.

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

Zhang Guobiao
Chairman and Non-Executive Director

Goh Toh Sim
Executive Director and Chief Executive Officer

IMPORTANT NOTICE

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

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

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

BY ORDER 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
22 February 2019