
**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED
31 DECEMBER 2017**

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.

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);

(collectively known as “IPO Properties”)

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					
		1.10.17 to 31.12.17	1.10.16 to 31.12.16	Change	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾	Change ⁽¹⁾
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
		20,678	24,739	(16.4)	91,368	41,175	121.9
		17,945	21,774	(17.6)	82,704	36,761	125.0
		11,802	11,387	3.6	47,117	19,109	146.6
	(2)	1.504	1.463	2.8	6.025	2.454	145.5
		7.37	7.19	2.5	7.44	7.06	5.3
		7.85	7.64	2.8	7.93	7.53	5.3

Notes:

- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.
- (2) The distribution to Unitholders is based on 100% of the distributable income of ECW for the period from the 1 October 2017 to 31 December 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, ECW has been making quarterly distribution since its first distribution on 28 November 2016. The next distribution for the period from 1 October 2017 to 31 December 2017 will be made on or around 29 March 2018. The Manager will determine at a later stage whether it will change subsequent distributions periods from a semi-annual basis to quarterly basis.

Distribution and Book Closure Date

Distribution	1 October 2017 to 31 December 2017
Distribution type	Capital distribution
Distribution rate	1.504 cents
Book closure date	8 March 2018
Payment date (est)	29 March 2018

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					
		1.10.17 to 31.12.17	1.10.16 to 31.12.16	Change	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾	Change ⁽¹⁾
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	(2)	20,678	24,739	(16.4)	91,368	41,175	121.9
	(3)	(2,733)	(2,965)	(7.8)	(8,664)	(4,414)	96.3
		17,945	21,774	(17.6)	82,704	36,761	125.0
		410	347	18.2	1,481	403	267.5
		(6,582)	(6,581)	0.0	(25,849)	(11,225)	130.3
		(1,180)	(1,085)	8.8	(4,711)	(1,911)	146.5
		(120)	-	N/M	(594)	-	N/M
		(71)	(69)	2.9	(277)	(121)	128.9
	(4)	(529)	(1,595)	(66.8)	234	9,513	(97.5)
	(5)	(471)	(251)	87.6	(1,463)	(2,884)	(49.3)
		9,402	12,540	(25.0)	51,525	30,536	68.7
	(6)	21,723	8,625	151.9	21,723	8,625	151.9
	(7)	489	811	(39.7)	(1,867)	30	(6,323.3)
		31,614	21,976	43.9	71,381	39,191	82.1
		(12,204)	(7,640)	59.7	(23,766)	(9,851)	141.3
		19,410	14,336	35.4	47,615	29,340	62.3
Distribution statement							
	(8)	19,410	14,336	35.4	47,615	29,340	62.3
		(7,608)	(2,949)	158.0	(498)	(10,231)	(95.1)
		11,802	11,387	3.6	47,117	19,109	146.6

Notes:

- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017
- (2) Gross revenue comprises gross rental income and other income from the investment properties.
- (3) Property expenses comprise property management fee, reimbursable expenses payable to Property Manager and other property related expenses.
- (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 2017 by Savills Valuation and Professional Services Limited.
- (7) Net change in fair value of financial derivatives was due to:
 - (a) Net realised loss of S\$0.5 million on settlement of currency swap options and forward currency contracts for the full year ended 31 December 2017, and
 - (b) Revaluation of financial derivative instruments which were put in place by the Manager to hedge interest rate risks and RMB income source of ECW

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(8) Net effect of non (taxable income) / tax deductible expenses and other adjustments comprises:

	Group					
	1.10.17 to 31.12.17	1.10.16 to 31.12.16	Change	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾	Change ⁽¹⁾
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Straight lining of step-up rental	2,393	(1,345)	(277.9)	360	(2,364)	(115.2)
Discounting of security deposit to present value	(36)	(69)	(47.8)	(144)	(118)	22.0
Manager's base fees paid/payable in units	1,180	1,085	8.8	4,711	1,911	146.5
Manager's performance fees payable in units	120	-	N/M	594	-	N/M
Trustee's fees	71	66	7.6	277	121	128.9
Fair value gain on investment properties	(21,723)	(8,625)	151.9	(21,723)	(8,625)	151.9
Deferred tax charged, net	7,934	3,629	118.6	8,470	3,629	133.4
Fair value (gain)/loss on financial derivatives	(489)	(811)	(39.7)	1,867	(30)	(6,323.3)
Swaption premium	-	71	N/M	-	329	N/M
Amortisation of upfront debt issuance costs	959	163	488.3	3,977	867	358.7
Foreign exchange loss/(gain), net (unrealised)	485	3,107	(84.4)	(391)	3,575	(110.9)
Foreign exchange gain, net (realised - capital in nature)	-	(139)	N/M	-	(11,714)	N/M
IPO expenses	424	(81)	(623.5)	426	2,188	(80.5)
Provision of doubtful debts	1,074	-	N/M	1,074	-	N/M
Others	-	-	N/M	4	-	N/M
Total distribution adjustments	(7,608)	(2,949)	158.0	(498)	(10,231)	(95.1)

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	
		31.12.17	31.12.16	31.12.17	31.12.16
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	(1)	138,644	103,665	6,823	11,113
Financial assets, at fair value through profit or loss	(2)	-	7,700	-	-
Derivative financial assets	(3)	-	417	-	417
Trade and other receivables		35,585	37,264	357	1,061
Loans to subsidiaries		-	-	241,557	241,557
		174,229	149,046	248,737	254,148
Non-current assets					
Investment properties	(4)	1,337,010	1,333,297	-	-
Deferred income tax assets		165	186	-	-
Investment in subsidiaries		-	-	- *	- *
		1,337,175	1,333,483	- *	- *
Total assets		1,511,404	1,482,529	248,737	254,148
LIABILITIES					
Current liabilities					
Trade and other payables		24,597	27,425	4,055	3,578
Borrowings	(5)	40,142	2,153	38,000	-
Derivative financial liabilities	(3)	1,296	387	1,296	387
Current income tax liabilities		9,867	10,798	2	1
		75,902	40,763	43,353	3,966
Non-current liabilities					
Borrowings	(5)	395,359	396,677	196,838	194,855
Deferred income tax liabilities	(6)	263,226	258,594	-	-
Trade and other payables		58,640	59,674	-	-
Government grant		659	702	-	-
		717,884	715,647	196,838	194,855
Total liabilities		793,786	756,410	240,191	198,821
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS					
		717,618	726,119	8,546	55,327
Represented by:					
Unitholders' funds	(7)	788,380	782,700	8,546	55,327
Foreign currency translation reserve		(70,762)	(56,581)	-	-
		717,618	726,119	8,546	55,327

* Less than S\$1,000.

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Notes

- (1) Includes RMB301.7 million (S\$61.8 million) security deposits received from the master leases and cash deposits of RMB206 million (S\$42.2 million) as collateral for standby letter of credit (“SBLC”). Both 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 31 December 2017, the derivative instruments entered into are:
(a) Plain vanilla interest rate swaps (to hedge the interest rate of the Offshore Facility); and
(b) Forward contracts (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	
	31.12.17	31.12.16	31.12.17	31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
Secured borrowings				
Amount repayable in one year or less	40,173	2,206	38,000	-
Less: Unamortised debt issuance costs	(31)	(53)	-	-
	40,142	2,153	38,000	-
Amount repayable after one year	401,505	406,758	200,000	200,000
Less: Unamortised debt issuance costs	(6,146)	(10,081)	(3,162)	(5,145)
	395,359	396,677	196,838	194,855
Total borrowings	435,501	398,830	234,838	194,855

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Note:

Details of Collaterals and Borrowings

As at 31 December 2017, ECW has an aggregate amount of RMB993.6 million (S\$203.7 million) (2016: RMB1,004.2 million, equivalent to S\$205.9 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 RMB993.6 million (S\$203.7 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;
- 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 annualised all-in interest rate for the quarter and full year ended 31 December 2017 was 6.2% and 6.3% respectively. As at 31 December 2017, 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 2017 was 5.1% and 5.0% respectively. As at 31 December 2017, 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\$50.0 million with DBS Bank Ltd. As at 31 December 2017, ECW had drawn down a total of S\$38.0 million short-term loan backed by SBLC of S\$38.0 million issued by DBS Bank (China) Limited in favor of DBS Bank Ltd. The SBLC is collateralised against a cash deposit of RMB206 million (S\$42.2 million). The annualised all-in interest rate for the quarter and full year ended 31 December 2017 was 1.8% and 1.5% respectively.

The annualised all-in interest rate for the ECW for the quarter and full year ended 31 December 2017 was 5.3% respectively. The Aggregate Leverage for the Group as at the end of the period was 29.2%.

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1(c) Cash Flows Statement

		Group			
		1.10.17 to 31.12.17	1.10.16 to 31.12.16	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾
Notes		S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities					
Total return for the financial period		19,410	14,336	47,615	29,340
Adjustments for:					
- Income tax		12,204	7,640	23,766	9,851
- Interest income		(410)	(347)	(1,481)	(403)
- Finance cost		6,582	6,581	25,849	11,225
- Effect of straight lining of step-up rental		2,393	(1,345)	360	(2,364)
- Effect of security deposits accretion		(700)	(707)	(2,771)	(1,193)
- Fair value (gain)/loss on derivative instruments		(489)	(811)	1,867	(30)
- Fair value gain on investment properties		(21,723)	(8,625)	(21,723)	(8,625)
- Manager's base fees payable in units		1,180	1,085	4,711	1,911
- Manager's performance fees payable in units		120	-	594	-
- Exchange loss/(gain)		485	1,733	(391)	2,201
Operating cash flow before working capital change		19,052	19,540	78,396	41,913
Changes in working capital:					
Trade and other receivables		9,370	(20,059)	1,917	21,663
Trade and other payables		2,649	15,603	(4,611)	37,573
Cash generated from operating activities		31,071	15,084	75,702	101,149
Interest received		333	347	1,241	403
Income tax paid (net)		(710)	-	(15,974)	-
Net cash provided by operating activities		30,694	15,431	60,969	101,552
Cash Flows from Investing Activities					
Additions to investment properties		(1,417)	(3,792)	(2,163)	(3,792)
Proceeds from disposal of investment properties		37	-	37	-
(Placement)/Redemption of structured deposits (2)		-	(7,700)	7,700	(7,700)
Net cash (used in)/provided by investing activities		(1,380)	(11,492)	5,574	(11,492)
Cash Flows from Financing Activities					
Repayment of borrowings		-	-	(2,171)	(204,646)
Distribution to Unitholders		(11,278)	(7,715)	(46,728)	(7,715)
Proceeds from borrowings (3)		14,000	-	38,000	392,836
Interest paid		(4,988)	(6,187)	(18,964)	(6,187)
SBLC commission paid		(70)	-	(191)	-
Settlement of derivative financial instruments (net)		(186)	-	(540)	-
Placements of deposits for SBLC facilities (3)		(15,519)	-	(41,974)	-
Increase in interest reserves		(5)	(95)	(19)	(9,327)
Proceeds from new issue of shares		-	-	-	629,785
Issuance costs (4)		251	(754)	123	(12,324)
Redemption of existing units		-	-	-	(545,936)
Payment of purchase considerations due to sponsor (5)		-	-	-	(230,128)
Net cash (used in)/provided by financing activities		(17,795)	(14,751)	(72,464)	6,358
Net increase/(decrease) in cash and cash equivalents		11,519	(10,812)	(5,921)	96,418
Cash and cash equivalents at beginning of financial period		74,787	102,569	94,338	6,357
Effects of exchange rate changes on cash and cash equivalents		844	2,581	(1,267)	(8,437)
Cash and cash equivalents at the end of financial period (6)		87,150	94,338	87,150	94,338

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- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW’s operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.
- (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) Payment of purchase considerations due to Sponsor is net of Sponsor indebtedness.
- (6) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31.12.17	31.12.16
	S\$’000	S\$’000
Cash and cash equivalents (as per Balance Sheet)	138,644	103,665
Less:		
- Interest reserves [#]	(9,264)	(9,327)
- Cash collateral for SBLC facilities	(42,230)	-
Cash and cash equivalents per consolidated statement of cash flows	87,150	94,338

[#] 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			
		1.10.17 to 31.12.17	1.10.16 to 31.12.16	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾
		S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS					
	Balance as at beginning of the period	746,323	703,782	718,118	688,778
	Total return after tax	19,410	14,336	47,615	29,340
	Balance as at end of the period	765,733	718,118	765,733	718,118
UNITHOLDERS' CONTRIBUTION					
	Balance as at beginning of the period	32,546	73,051	64,582	-
	Movement during the period				
	- Issue of units on listing	-	-	-	629,785
	- Redemption of existing units	-	-	-	(545,936)
	- Issuance costs	251	(754)	123	(12,324)
	- Manager's base fees paid in units	1,128	-	4,670	772
	- Distributions to unitholders	(11,278)	(7,715)	(46,728)	(7,715)
	Balance as at end of the period	22,647	64,582	22,647	64,582
FOREIGN CURRENCY TRANSLATION RESERVE					
	Balance as at beginning of the period	(78,467)	(72,338)	(56,581)	(81,247)
	Translation differences relating to financial statements of foreign subsidiaries	7,705	15,757	(14,181)	24,666
	Balance as at end of the period	(70,762)	(56,581)	(70,762)	(56,581)
	Total Unitholders' funds as at end of the period	717,618	726,119	717,618	726,119

		ECW			
		1.10.17 to 31.12.17	1.10.16 to 31.12.16	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾
		S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS					
	Balance as at beginning of the period	(10,138)	(5,570)	(9,255)	(423)
	Total return after tax	(3,963)	(3,685)	(4,846)	(8,832)
	Balance as at end of the period	(14,101)	(9,255)	(14,101)	(9,255)
UNITHOLDERS' CONTRIBUTION					
	Balance as at beginning of the period	32,546	73,051	64,582	-
	Movement during the period				
	- Issue of units on listing	-	-	-	629,785
	- Redemption of existing units	-	-	-	(545,936)
	- Issuance costs	251	(754)	123	(12,324)
	- Manager's base fees paid in units	1,128	-	4,670	772
	- Distributions to unitholders	(11,278)	(7,715)	(46,728)	(7,715)
	Balance as at end of the period	22,647	64,582	22,647	64,582
	Total Unitholders' funds as at end of the period	8,546	55,327	8,546	55,327

Notes

- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.
- (2) 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			
					1.10.17 to 31.12.17	1.10.16 to 31.12.16	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾
					Units	Units	Units	Units
Notes					783,208,959	777,512,000	778,515,845	-
	Balance as at beginning of period							
	New units issued:							
	- Placement at Listing				-	-	-	777,512,000
	- Manager's base fees paid in units				1,448,568	1,003,845	6,141,682	1,003,845
	Issued units as at the end of period				784,657,527	778,515,845	784,657,527	778,515,845
	New units to be issued	(2)						
	- Manager's base fees payable in units				1,554,527	1,602,004	1,554,527	1,602,004
	- Manager's performance fees payable in units				782,559	-	782,559	-
	Total issued and to be issued units				786,994,613	780,117,849	786,994,613	780,117,849

Notes

- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.
- (2) 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).

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 audited financial statements for the financial year ended 31 December 2016.

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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

On 1 April 2017, the Group adopted the revised Statement of Recommended Accounting Practice 7 (Revised March 2017) issued by the Institute of Singapore Chartered Accountants which has no significant impact to the financial statements. Except for the above, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those used in the audited financial statements for the year ended 31 December 2016.

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

		Group			
Notes		1.10.17 to 31.12.17	1.10.16 to 31.12.16	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾
Weighted average number of units as at end of period		783,697,063	778,013,923	781,196,061	777,806,120
Earnings per unit ("EPU") - Basic and Diluted (cents)	(2)	2.48	1.84	6.10	3.77
Number of units entitled to distribution		784,657,527	778,515,845	784,657,527	778,515,845
Distribution per unit ("DPU") (cents)	(3)	1.504	1.463	6.025	2.454
Distribution per unit ("DPU") (cents) - Annualised		5.967	5.820	6.025	5.721

Notes

- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.
- (2) 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.
- (3) DPU was computed and rounded based on the number of units entitled to distribution at the end of the period. Distribution of 1.504 cents per unit for period 1 October 2017 to 31 December 2017 will be paid on or around 29 March 2018.

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

	As at 31.12.17	As at 31.12.16
NAV / NTA of Group - attributable to Unitholders (S\$'000)	717,618	726,119
NAV / NTA of REIT (S\$'000)	8,546	55,327
Number of units outstanding as at end of each period ('000)	784,658	778,516
Group's net asset value per unit (S\$)	0.91	0.93
REIT's net asset value per unit (S\$)	0.01	0.07

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8. Review of the Performance

(i) Review of performance for the quarter ended 31 December 2017

Gross revenue was S\$20.7 million, S\$4.1 million or 16.4% lower when compared to 4Q 2016. Net property income (“NPI”) was S\$17.9 million, S\$3.8 million or 17.6% lower when compared to 4Q 2016. The lower gross revenue and NPI were mainly due to accounting adjustments for effective rent which have no impact on the DPU. The lower NPI was also due to a S\$1.1 million provision for impairment in other receivables at Fu Zhuo Industrial Co., Ltd., which has no impact on the DPU.

The increase in finance cost was mainly due to increase in borrowings in 2017.

The increase in Manager’s base fees was in line with the higher distributable income. No performance fee was payable in 2016. For 2017, the calculation of the performance fee was determined using the difference between the actual DPU in 2017 (annualised) and the actual DPU in 2016 (annualised).

Distributable income was S\$11.8 million, S\$0.4 million or 3.6% higher when compared to 4Q 2016.

(ii) Review of performance for twelve months ended 31 December 2017

Gross revenue for the year ended 31 December 2017 was S\$91.4 million, an increase of S\$50.2 million or 121.9% higher than the period from 28 July 2016 to 31 December 2016. NPI for the year ended 31 December 2017 was S\$82.7 million, an increase of S\$45.9 million or 125% higher than the period from 28 July 2016 to 31 December 2016.

Finance cost was S\$25.8 million, S\$14.6 million or 130.3% higher when compared to year-to-date 2016. This was mainly due to the full year in 2017 and increase in borrowings in 2017.

Distributable income was S\$47.1 million, an increase of S\$28.0 million or 146.6% higher than the period from 28 July 2016 to 31 December 2016.

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9. Variance from Prospect Statement

	Group					
	1.10.17 to 31.12.17			1.1.17 to 31.12.17		
	Actual	Forecast ⁽¹⁾	Change	Actual	Forecast ⁽¹⁾	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Statement of Total Return						
Gross revenue	20,678	22,612	(8.6)	91,368	90,451	1.0
Property expenses	(2,733)	(2,113)	29.3	(8,664)	(8,452)	2.5
Net property income	17,945	20,499	(12.5)	82,704	81,999	0.9
Finance income	410	670	(38.8)	1,481	1,951	(24.1)
Finance costs	(6,582)	(6,803)	(3.2)	(25,849)	(26,684)	(3.1)
Investment income	-	900	N/M	-	3,599	N/M
Manager's management fees						
- Base fees	(1,180)	(1,244)	(5.1)	(4,711)	(4,975)	(5.3)
- Performance fees	(120)	(108)	11.1	(594)	(430)	38.1
Trustee's fees	(71)	(80)	(11.3)	(277)	(317)	(12.6)
Foreign exchange (loss)/gain	(529)	-	N/M	234	-	N/M
Other trust expenses	(471)	(394)	19.5	(1,463)	(1,577)	(7.2)
Net income	9,402	13,440	(30.0)	51,525	53,566	(3.8)
Net change in fair value of investment properties	21,723	-	N/M	21,723	-	N/M
Net change in fair value of financial derivatives	489	-	N/M	(1,867)	-	N/M
Total return for the financial period before income tax	31,614	13,440	135.2	71,381	53,566	33.3
Income tax expenses	(12,204)	(3,527)	246.0	(23,766)	(13,919)	70.7
Total return for the financial period after income tax before distribution	19,410	9,913	95.8	47,615	39,647	20.1

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)

19,410	9,913	95.8	47,615	39,647	20.1
(7,608)	1,713	(544.1)	(498)	6,848	(107.3)
11,802	11,626	1.5	47,117	46,495	1.3
1.504	1.496	0.5	6.025	5.936	1.5
5.967	5.936	0.5	6.025	5.936	1.5

N/M: Not Meaningful

(1) The Forecast figures are derived from the Forecast Period 2017 figures disclosed in the Prospectus and pro-rated for the quarter.

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(i) Review of performance for the quarter ended 31 December 2017

Gross revenue was S\$20.7 million, S\$1.9 million or 8.6% lower when compared to the forecast. NPI was S\$17.9 million, S\$2.6 million or 12.5% lower when compared to the pro-rated forecast. The lower gross revenue and NPI were mainly due to accounting adjustments for effective rent which have no impact on the DPU. The lower NPI was also due to a S\$1.1 million provision for impairment in other receivables at Fu Zhuo Industrial Co., Ltd., which has no impact on the DPU.

Finance costs were S\$6.6 million, S\$0.2 million or 3.2% lower when 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 swaps entered into during the financial year.

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 security deposits in PRC corporate bonds. The variance between the actual and the forecast investment income was a result for not investing in the above-mentioned bonds.

Income tax expenses were S\$12.2 million, S\$8.7 million or 246% higher when compared to the pro-rated forecast. The higher tax expenses were mainly due to deferred tax expenses on the fair value gain on investment properties in December 2017.

Distributable income was S\$11.8 million, S\$0.2 million or 1.5% higher when compared to the forecast after distribution adjustments.

(ii) Review of performance for twelve months ended 31 December 2017

Gross revenue was S\$91.4 million, S\$0.9 million or 1% higher when compared to the forecast. NPI was S\$82.7 million, S\$0.7 million or 0.9% higher when compared to the forecast. The higher revenue and NPI was mainly due to stronger than forecasted SGD/RMB rate.

Finance cost was S\$25.8 million, S\$0.8 million or 3.1% lower when compared to the 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 year.

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 forecast investment income was the result from not investing in the abovementioned bonds.

Income tax expenses were S\$23.8 million, S\$9.8 million or 70.7% higher when compared to the forecast. The higher tax expenses were due to 5% withholding tax (“WHT”) incurred on the cash repatriated from the PRC asset companies in September 2017 and deferred tax expenses on the fair value of the investment properties in December 2017.

In September 2017, in order to ensure maximum operational flexibility for ECW, the Manager pursued liquidity enhancement initiative by successfully repatriating RMB 68.2 million (SGD 13.9 million) cash distribution from its PRC subsidiaries, which attracted a 5% WHT.

Distributable income was S\$47.1 million, S\$0.6 million or 1.3% higher when compared to the forecast after distribution adjustments.

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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

In the fourth quarter of 2017, China’s economy expanded by 6.8%¹, which is above the market expectation of 6.7%². China registered a full year 2017 GDP growth rate of 6.9%¹ whereas Hangzhou’s full year 2017 GDP growth rate was 8.0%³ which is 1.1% higher than the national growth rate.

According to China’s National Bureau of Statistics, online retail sales in China grew 32.2% for full year 2017, 6.0% higher than 2016. Meanwhile, Hangzhou Bureau of Statistics reported e-commerce in Hangzhou grew by 36.6%³ in the year 2017. Online sales on 11 November 2017, China’s Singles Day (单身节), grew by 40% as compared to 2016 to reach US\$25 billion. This amount is four times higher than the sales figure achieved for Black Friday and Cyber Monday which are the two biggest shopping days in the United States of America.

Our IPO portfolio continue to enjoy steady growth at 100% occupancy. The assets are benefitting from urbanisation and higher-than-national GDP growth rate in Hangzhou. They provide unitholders with stable income and organic growth potential as a result of the long leases and built-in rental escalations. Chongxian Port Investment, Beigang Logistics and Fuheng warehouse are on Master Leases until 2020, while Chongxian Port Logistics, Fuzhuo and Hengde enjoy a WALE (by Net Lettable Area) of 2.8, 5.4 and 3.0 respectively.

We are actively pursuing quality, yield-accretive investment opportunities in China and the region. To reduce volatility in our distributions, interest rate exposure on the offshore loan as well as currency exposure for distributions to unitholders have been hedged.

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

² Reuters (17 Jan 2018): <https://www.cnbc.com/2018/01/17/chinese-q4-gdp-china-reports-fourth-quarter-gross-domestic-product.html>

³ Hangzhou Bureau of Statistics: <http://tjj.hangzhou.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 October 2017 to 31 December 2017

Distribution types: Capital distribution

Distribution rate: 1.504 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 2017 to 31 December 2017.

(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 1.463 cent per unit had been declared for the period from 1 October 2016 to 31 December 2016.

(c) Date Payable (est.) 29 March 2018

**(d) Books Closure
Date/Record Date** 8 March 2018

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 October 2017 to 31 December 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							
	1.10.17 to 31.12.17		1.10.16 to 31.12.16		1.1.17 to 31.12.17		28.7.16 to 31.12.16 ⁽¹⁾	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Gross revenue								
- Port logistics	9,111	44.1	11,226	45.4	42,141	46.2	18,997	46.1
- Specialised logistics	3,606	17.4	4,606	18.6	14,807	16.2	7,259	17.6
- E-commerce logistics	7,961	38.5	8,907	36.0	34,420	37.7	14,919	36.2
	20,678	100.0	24,739	100.0	91,368	100.1	41,175	99.9
Net property income								
- Port logistics	7,511	41.9	10,326	47.4	38,833	47.0	17,699	48.1
- Specialised logistics	3,506	19.5	3,576	16.4	13,823	16.7	6,021	16.4
- E-commerce logistics	6,928	38.6	7,872	36.2	30,048	36.3	13,041	35.5
	17,945	100.0	21,774	100.0	82,704	100.0	36,761	100.0

- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.

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 Items 8 and 9 for the review of the actual performance.

16. Breakdown of sales

	Group		
	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾	Change ⁽¹⁾
	S\$'000	S\$'000	%
<u>First half of the year</u>			
Gross revenue	46,824	-	N/M.
Net property income	42,673	-	N/M.
<u>Second half of the year</u>			
Gross revenue	44,544	41,175	8.2
Net property income	40,031	36,761	8.9

- (1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.

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17. Status of Master lease agreements

Property	Commencement date	Remaining term (Years)	Gross revenue received from
			1.1.17 to 31.12.17 (inclusive of VAT) (RMB'000)
Chongxian Port Investment*	1 January 2016	3	151,131
The Stage 1 Properties of Bei Gang Logistics	1 November 2015	2.8	124,836
Fu Heng Warehouse	1 January 2016	3	43,618

*Includes income from AEI (warehouse 5)

18. Breakdown of total distribution for the financial period ended 31 December 2017

Notes	Group	
	1.1.17 to 31.12.17	28.7.16 to 31.12.16 ⁽¹⁾
	S\$'000	S\$'000
In respect of the period:		
28 July 2016 to 30 September 2016	-	7,715
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 (Payable on or around 28 March 2018)	11,802	-
	47,117	7,715

(1) ECW was constituted as a private fund from 5 August 2015 to 27 July 2016. The figures are not directly comparable as ECW's operations for the financial year ended 31 December 2016 was from 28 July 2016 to 31 December 2016, compared to 12 months in 2017.

19. Use of proceeds from Initial Public Offering (“IPO”)

Gross proceeds of S\$1,035.7 million from the IPO has been fully utilised as of 31 December 2017:

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	27,235,085	2,361,915
Offshore interest reserve requirement	3,798,000	3,798,590	(590)
Working capital	6,060,000	9,412,590	(3,352,590)
Capital expenditure	1,846,000	1,846,000	-
Total	1,035,693,000	1,035,693,000	-

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

Specific uses	Amount utilised (S\$)
Interest expenses	1,697,498
Distribution for the period from 28 July 2016 (Listing Date) to 30 September 2016	7,715,092
Total	9,412,590

20. 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.

21. 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.

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

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
Director and Chairman

Goh Toh Sim
Director and Acting Chief Executive Officer

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IMPORTANT NOTICE

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

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

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

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)

Goh Toh Sim
Director and Acting Chief Executive Officer
28 February 2018