
**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

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 portfolio comprises seven properties located (collectively known as the “Properties”) located in Hangzhou and Wuhan, the PRC, with an aggregate net lettable area (“Net Lettable Area” or “NLA”) of 746,177 square meters. The Properties are:

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

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Summary Results of ECW

		Group		
		1.1.19 to 31.3.19	1.1.18 to 31.3.18	Change
		S\$'000	S\$'000	%
	Notes			
Gross revenue	(1)	23,857	23,939	(0.3)
Net property income	(2)	21,185	21,490	(1.4)
Distribution to Unitholders		11,923	11,562	3.1
Distribution per unit ("DPU") (cents)	(3)	1.501	1.469	2.2
Annualised distribution yield (%)				
- Based on share price of S\$0.76 per unit as at 31 March 2019		8.01	7.84	2.2

Notes:

- (1) The gross revenue without effective rent and security deposit accretion accounting adjustments was S\$23.8 million in 1Q19 (1Q18: S\$23.3 million).
- (2) The net property income without effective rent and security deposit accretion accounting adjustments was S\$21.1 million in 1Q19 (1Q18: S\$20.9 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 1Q19, the Manager has resolved to distribute 100% of the tax-exempt income 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 January 2019 to 31 March 2019 will be made on or around 28 June 2019.

Distribution and Book Closure Date

Distribution	1 January 2019 to 31 March 2019
Distribution type	Tax-exempt distribution
Distribution rate	1.501 cents
Book closure date	28 May 2019
Payment date (est)	28 June 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

		Group		
		1.1.19 to 31.3.19	1.1.18 to 31.3.18	Change
		S\$'000	S\$'000	%
Statement of Total Return				
	Notes			
Gross revenue	(1)	23,857	23,939	(0.3)
Property expenses	(2)	(2,672)	(2,449)	9.1
Net property income		21,185	21,490	(1.4)
Finance income		429	431	(0.5)
Finance costs		(6,967)	(6,792)	2.6
Manager's management fees	(3)			
- Base fees		(1,192)	(1,159)	2.8
- Performance fees		-	71	N/M
Trustee's fees		(72)	(72)	-
Foreign exchange loss	(4)	(941)	(1,195)	(21.3)
Other trust expenses	(5)	(368)	(346)	6.4
Net income		12,074	12,428	(2.8)
Net change in fair value of financial derivatives	(6)	247	512	(51.8)
Total return for the financial period before income tax		12,321	12,940	(4.8)
Income tax expenses		(4,315)	(4,244)	1.7
Total return for the financial period after income tax before distribution		8,006	8,696	(7.9)

Distribution statement

Total return for the financial period after income tax before distribution		8,006	8,696	(7.9)
Distribution adjustments	(7)	3,917	2,866	36.7
Total amount available for distribution		11,923	11,562	3.1

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.
- (4) Mainly due to revaluation of loans in foreign currency.

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- (5) Other trust expenses include professional fees, listing fees and other non-property related expenses.
- (6) 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.
- (7) Net effect of non (taxable income) / tax deductible expenses and other adjustments comprises:

	Group		
	1.1.19 to 31.3.19	1.1.18 to 31.3.18	Change
	S\$'000	S\$'000	%
Straight-lining of step-up rental	614	81	658.0
Security deposit accretion	33	(2)	(1,750.0)
Manager's base fees paid/payable in units	1,192	1,159	2.8
Manager's performance fees payable in units	-	(71)	N/M
Trustee's fees	72	72	-
Deferred tax credit, net	(153)	(57)	168.4
Fair value gain on financial derivatives	(247)	(512)	(51.8)
Amortisation of upfront debt issuance costs	1,012	1,023	(1.1)
Foreign exchange loss, net (unrealised)	944	1,195	(21.0)
Provision for real estate tax	444	-	N/M
Others	6	(22)	(127.3)
Total distribution adjustments	3,917	2,866	36.7

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1(b)(i) Balance Sheet

		Group		ECW	
		Actual		Actual	
		31.3.19	31.12.18	31.3.19	31.12.18
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
	(1)	143,432	142,127	7,093	10,011
	(2)	488	329	488	329
		39,734	38,334	751	866
		-	-	241,557	241,557
		183,654	180,790	249,889	252,763
Non-current assets					
	(3)	1,356,023	1,335,034	-	-
		-	-	- *	- *
		1,356,023	1,335,034	- *	- *
Total assets		1,539,677	1,515,824	249,889	252,763
LIABILITIES					
Current liabilities					
		20,621	23,354	3,068	3,803
	(4)	480,018	474,705	283,535	280,746
	(2)	8	95	8	95
		11,998	9,153	2	2
		512,645	507,307	286,613	284,646
Non-current liabilities					
	(5)	266,521	262,442	-	-
		57,868	56,917	-	-
		608	606	-	-
		324,997	319,965	-	-
Total liabilities		837,642	827,272	286,613	284,646
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		702,035	688,552	(36,724)	(31,883)
Represented by:					
UNITHOLDERS' FUNDS		702,035	688,552	(36,724)	(31,883)

* Less than S\$1,000.

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Notes

- (1) Includes RMB151.7 million (S\$30.6 million) cash security deposits received from the master leases and cash deposits of RMB468.0 million (S\$94.3 million) placed as collateral for standby letter of credit (“SBLC”) issuance. Deposits were placed with Malayan Banking Berhad Shanghai Branch and United Overseas Bank (China) Limited which have 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 March 2019, the derivative instruments entered into were:
- Plain vanilla interest rate swaps (to hedge the interest rate of the Offshore Facility); and
 - 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”).
- (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	
	31.3.19	31.12.18	31.3.19	31.12.18
	S\$’000	S\$’000	S\$’000	S\$’000
Secured borrowings				
Amount repayable in one year or less	481,284	476,918	284,190	281,900
Less: Unamortised debt issuance costs	(1,266)	(2,213)	(655)	(1,154)
Total borrowings	480,018	474,705	283,535	280,746

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Note:

Details of Collaterals and Borrowings

As at 31 March 2019, ECW has an aggregate borrowing of RMB977.7 million (S\$197.1 million) (31 December 2018: RMB983.0 million, equivalent to S\$198.2 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\$84.2 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\$202.4 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 Properties;
- iv) A pledge of all sales proceeds, rental income, bond pledge and all other revenue derived from the Properties;
- v) An assignment of all material agreements in relation to the Properties;
- vi) An assignment of all insurance policies in relation to the 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 3 months ended 31 March 2019 was 6.3%. The annualised all-in running interest rate for the 3 months ended 31 March 2019 was 5.3%. As at 31 March 2019, 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 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 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 3 months ended 31 March 2019 was 5.1%. The annualised all-in running interest rate for the 3 months ended 31 March 2019 was 4.1%. As at 31 March 2019, 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\$90.0 million with Malayan Banking Berhad (“MBB”) and United Overseas Bank Ltd (“UOB”). As at 31 March 2019, ECW had drawn down a total of S\$84.2 million short-term loan backed by SBLC issued by Malayan Banking Berhad Shanghai Branch and United Overseas Bank (China) Ltd. The SBLC is collateralised against a total cash deposit of RMB468.0 million (S\$94.3 million). The annualised all-in interest rate and all-in running interest rate for the 3 months ended 31 March 2019 was 1.1%.

The annualised all-in interest rate of the aggregate facilities for the 3 months ended 31 March 2019 was 4.9%. The annualised all-in running interest rate for the 3 months ended 31 March 2019 was 4.1%. The Aggregate Leverage for the Group as at the end of the period was 31.3%.

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1(c) Cash Flows Statement

		Group	
		1.1.19 to 31.3.19	1.1.18 to 31.3.18
		S\$'000	S\$'000
	Notes		
Cash Flows from Operating Activities			
Total return for the financial period		8,006	8,696
Adjustments for:			
- Income tax		4,315	4,244
- Interest income		(429)	(431)
- Finance cost		6,967	6,792
- Effect of straight lining of step-up rental		614	81
- Effect of security deposits accretion		(672)	(694)
- Fair value gain on derivative instruments		(247)	(512)
- Manager's base fees payable in units		1,192	1,159
- Manager's performance fees payable in units		-	(71)
- Exchange loss		944	1,195
Operating cash flow before working capital change		20,690	20,459
Changes in working capital:			
Trade and other receivables		(1,398)	(4,493)
Trade and other payables		(4,380)	4
Cash generated from operating activities		14,912	15,970
Interest received		429	355
Income tax paid (net)		(1,776)	(1,715)
Net cash provided by operating activities		13,565	14,610
Cash Flows from Investing Activities			
Additions to investment properties		(72)	(556)
Net cash used in investing activities		(72)	(556)
Cash Flows from Financing Activities			
Repayment of borrowings		(50,559)	(1,090)
Distribution to Unitholders		(12,435)	(11,801)
Proceeds from borrowings	(1)	51,790	-
Interest paid		(5,172)	(4,894)
SBLC commission paid		(127)	(191)
Settlement of derivative financial instruments (net)		-	(270)
Placements of deposits for SBLC facilities	(1)	(2,834)	-
Increase in interest reserves		(5)	(5)
Net cash used in financing activities		(19,342)	(18,251)
Net decrease in cash and cash equivalents		(5,849)	(4,197)
Cash and cash equivalents at beginning of financial period		43,698	87,150
Effects of exchange rate changes on cash and cash equivalents		2,044	2,776
Cash and cash equivalents at the end of financial period	(2)	39,893	85,729

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Notes

- (1) Refer to Item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (2) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31.3.19	31.3.18
	S\$'000	S\$'000
Cash and cash equivalents (as per Balance Sheet)	143,432	138,018
Less:		
- Interest reserves [#]	(9,197)	(9,359)
- Cash collateral for SBLC facilities	(94,342)	(42,930)
Cash and cash equivalents per consolidated statement of cash flows	39,893	85,729

[#] 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	
	1.1.19 to 31.3.19	1.1.18 to 31.3.18
	S\$'000	S\$'000
OPERATIONS		
Balance as at beginning of the period	801,827	758,771
Total return after tax	8,006	8,696
Balance as at end of the period	809,833	767,467
GENERAL RESERVES		
Balance as at beginning of the period	10,841	6,962
Balance as at end of the period	10,841	6,962
UNITHOLDERS' CONTRIBUTION		
Balance as at beginning of the period	(20,137)	22,647
Movement during the period		
- Manager's base fees paid in units	1,243	-
- Manager's performance fees paid in units	293	-
- Distributions to unitholders	(12,435)	(11,801)
Balance as at end of the period	(31,036)	10,846
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance as at beginning of the period	(103,979)	(70,762)
Translation differences relating to financial statements of foreign subsidiaries	16,376	16,694
Balance as at end of the period	(87,603)	(54,068)
Total Unitholders' funds as at end of the period	702,035	731,207

	ECW	
	1.1.19 to 31.3.19	1.1.18 to 31.3.18
	S\$'000	S\$'000
OPERATIONS		
Balance as at beginning of the period	(11,746)	(14,101)
Total return after tax	6,058	11,354
Balance as at end of the period	(5,688)	(2,747)
UNITHOLDERS' CONTRIBUTION		
Balance as at beginning of the period	(20,137)	22,647
Movement during the period		
- Manager's base fees paid in units	1,243	-
- Manager's performance fees paid in units	293	-
- Distributions to unitholders	(12,435)	(11,801)
Balance as at end of the period	(31,036)	10,846
Total Unitholders' funds as at end of the period	(36,724)	8,099

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

		Group and ECW	
		1.1.19 to 31.3.19	1.1.18 to 31.3.18
		Units	Units
Balance as at beginning of period	Note	792,014,317	784,657,527
- Manager's base fees paid in units 1.10.18 to 31.12.18		1,791,595	-
- Manager's performance fees paid in units for year 2018		422,814	-
Issued units as at the end of period		794,228,726	784,657,527
Units to be issued	(1)		
- Manager's base fees payable in units for 1.10.17 to 31.12.17		-	1,554,527
- Manager's base fees payable in units for 1.1.18 to 31.3.18		-	1,564,099
- Manager's performance fees payable in units for year 2017		-	689,411
- Manager's base fees payable in units for 1.1.19 to 31.3.19		1,566,602	-
Total issued and to be issued units		795,795,328	788,465,564

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 January 2019 to 31 March 2019.

- 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 2018.

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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 2019 as follows:

(a) FRS 116 *Leases*

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

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.

(b) INT FRS 23 *Uncertainty Over Income Tax Treatments*

INT FRS 23 introduces new requirements for recognition and measurement of deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

INT FRS 23 discussed about how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty; that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored; that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment; that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

There was no significant impact to the financial statements of the Group.

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

		Group	
Note	1.1.19 to 31.3.19	1.1.18 to 31.3.18	
Weighted average number of units as at end of period	792,088,131	784,657,527	
Earnings per unit ("EPU") - Basic and Diluted (cents)	(1) 1.01	1.11	
Number of units entitled to distribution	794,228,726	786,901,465	
Distribution per unit ("DPU") (cents)	(2) 1.501	1.469	
Distribution per unit ("DPU") (cents) - Annualised	6.087	5.958	

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 1.501 cents per unit for period 1 January 2019 to 31 March 2019 will be paid on or around 28 June 2019.

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

	As at 31.3.19	As at 31.12.18
NAV / NTA of Group - attributable to Unitholders (S\$'000)	702,035	688,552
NAV / NTA of REIT (S\$'000)	(36,724)	(31,883)
Number of units outstanding as at end of each period ('000)	794,229	792,014
Group's net asset value per unit (S\$)	0.88	0.87
REIT's net asset value per unit (S\$)	(0.05)	(0.04)

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8. Review of the Performance

(i) Review of performance for the quarter ended 31 March 2019

Gross revenue of S\$23.9 million was S\$0.1 million or 0.3% lower compared to 1Q18. Net property income (“NPI”) of S\$21.2 million was S\$0.3 million or 1.4% lower compared to 1Q18. These were mainly due to exchange rate differences. In RMB terms, the gross revenue and NPI were 3.0% and 1.9% higher respectively compared to same quarter last year.

Finance costs of S\$7.0 million were S\$0.2 million or 2.6% higher compared to 1Q18. This was mainly due to higher SBLC loan quantum in this quarter compared to same quarter last year.

Distribution to Unitholders was S\$11.9 million, representing S\$0.4 million or 3.1% increase compared to same quarter last year.

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

In 1Q2019, the Chinese Gross Domestic Product (“GDP”) expanded 6.4% year-on-year¹. Total retail sales of consumer goods grew by 9.3% with online retail sales increasing by 15.3%. The GDP of Hangzhou and Wuhan, where EC World REIT’s assets are located, outperformed the national GDP registering a 7.5%² and 8.1%³ y-o-y growth respectively. In Hangzhou, total retail sales of consumer goods increased 9.0% to RMB138.2 billion while online retail sales increased 48.4%, an increase of 16.1% compared to 1Q2018.

China’s economic growth was underpinned by expansive monetary and fiscal measures implemented earlier in the year⁴. Aided by increased infrastructure spending, the China’s official manufacturing purchasing managers’ index rose to 50.5 in March 2019, the strongest growth since June 2018⁵. At the recent second Belt and Road Forum, the Chinese government stated that China would further open up, lower tariffs, increase imports, strengthen intellectual property protection and strictly forbid forced technology transfers⁶.

EC World REIT’s portfolio of properties remains resilient with strong average committed occupancy of 99.97% as at 31 March 2019. On 22 April 2019, unitholders at the Extraordinary General Meeting voted in favour of the proposed entry into the New Master Lease Agreements for Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse. This will extend ECW’s portfolio weighted average lease to expiry from 1.8 years to 4.7 years (by Gross Revenue) as at 31 March 2019 and further enhance income predictability.

The Manager continues to deploy a proactive FX management strategy to ensure stable distributions to our unitholders. Interest rate exposure on the offshore loan has been fully hedged and 75% of currency exposure for distributions to unitholders have been hedged quarterly on a six months rolling forward basis.

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

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

³ The Government of Wuhan website: http://www.wh.gov.cn/2018wh/whyw/201904/t20190419_258203.html

⁴ Bloomberg: China’s Recovery Still Relies on Stimulus as Outlook Upgraded (<https://www.bloomberg.com/news/articles/2019-04-29/china-s-recovery-continues-on-policy-help-early-indicators-show?utm>)

⁵ Financial Times: China stimulus efforts show signs of stabilising economy (<https://www.ft.com/content/052fbf5a-5526-11e9-a3db-1fe89bedc16e>)

⁶ South China Morning Post: Belt and road delegates welcome Xi Jinping’s pledges, but now they want action to back them up (<https://www.scmp.com/news/china/diplomacy/article/3007880/belt-and-road-delegates-welcome-xi-jinpings-pledges-now-they>)

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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 January 2019 to 31 March 2019

Distribution types: Tax-exempt distribution

Distribution rate: 1.501 cents per unit

Par value of units: Not meaningful

Tax rate: Tax-exempt income distribution is exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted from such distribution.

Remarks: The distribution to Unitholders is based on 100% of the distributable income for the period from 1 January 2019 to 31 March 2019.

(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 1.469 cents per unit was declared for the period from 1 January 2018 to 31 March 2018.

(c) Date Payable (est.) 28 June 2019

(d) Books Closure 28 May 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 January 2019 to 31 March 2019.

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			
	1.1.19 to 31.3.19		1.1.18 to 31.3.18	
	S\$'000	%	S\$'000	%
Gross revenue				
- Port logistics	10,970	45.9	11,256	47.0
- Specialised logistics	3,640	15.3	3,758	15.7
- E-commerce logistics	9,247	38.8	8,925	37.3
	23,857	100.0	23,939	100.0
Net property income				
- Port logistics	10,128	47.8	10,649	49.6
- Specialised logistics	3,209	15.1	3,445	16.0
- E-commerce logistics	7,848	37.1	7,396	34.4
	21,185	100.0	21,490	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		
	1.1.19 to 31.3.19	1.1.18 to 31.3.18	Change
	S\$'000	S\$'000	%
<u>First half of the year</u>			
Gross revenue	23,857	23,939	(0.3)
Net property income	21,185	21,490	(1.4)

Please refer to Item 8 for review of actual performance.

17. Breakdown of total distribution for the financial period ended 31 March 2019

In respect of the period:
 1 January 2018 to 31 March 2018
 1 January 2019 to 31 March 2019
(Payable on or around 28 June 2019)

Group	
1.1.19 to 31.3.19	1.1.18 to 31.3.18
S\$'000	S\$'000
-	11,562
11,923	-
11,923	11,562

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18. 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.

19. 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 March 2019:

- (a) ECW will declare a distribution which is classified as tax-exempt 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.

20. 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 statement of financial position as at 31 March 2019, 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)

Zhang Guobiao
Chairman and Non-Executive Director

Goh Toh Sim
Executive Director and Chief Executive Officer

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IMPORTANT NOTICE

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

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

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

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
10 May 2019