

**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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 eight properties (collectively known as the “Properties”) located in Hangzhou and Wuhan, the PRC, with an aggregate net lettable area (“Net Lettable Area” or “NLA”) of 960,461 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);
7. Fu Zhuo Industrial (Port logistics); and
8. Fuzhou E-Commerce (E-commerce logistics).

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Summary Results of ECW

		Group					
		1.7.20 to 30.9.20	1.7.19 to 30.9.19	Change	1.1.20 to 30.9.20	1.1.19 to 30.9.19	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Gross revenue	(1) 28,455	25,675	10.8	80,194	73,266	9.5
	Net property income	(1) 26,131	22,920	14.0	73,104	65,262	12.0
	Distribution to Unitholders	11,172	11,873	(5.9)	31,612	36,110	(12.5)
	Distribution per unit ("DPU") (cents)	(2) 1.388	1.489	(6.8)	3.932	4.537	(13.3)
	Annualised distribution yield (%)						
	- Based on share price of S\$0.680 per unit as at 30 September 2020	8.12	8.09	0.3	7.72	8.31	(7.1)

Notes:

- (1) The increase in gross revenue and net property income was mainly due to the acquisition of Fuzhou E-commerce and organic rental escalations. After adjusting for effective rent, security deposit accretion and other relevant distribution adjustments in section 1(a)(8), gross revenue and net property income were S\$28.6 million and S\$26.3 million respectively in 3Q2020 (3Q2019: S\$25.6 million and S\$23.3 million respectively).
- (2) ECW's distribution policy is to distribute at least 90% of distributable income for each financial year on a semi-annual basis. ECW has been making distribution on a quarterly basis since its first distribution on 28 November 2016. The Manager will determine at a later stage whether it will change the frequency of distributions.

For 3Q2020, the Manager has resolved to distribute 91% of the tax-exempt distribution to Unitholders. ECW will retain 9% of total amount available for distribution in 3Q2020 in view of uncertainties arising from prolonged COVID-19 pandemic globally. Please refer to section 1(a) for the distribution statement. The next distribution for the period from 1 July 2020 to 30 September 2020 will be made on or around 29 December 2020.

Distribution and Record Date

Distribution	1 July 2020 to 30 September 2020
Distribution type	Tax-exempt distribution
Distribution rate	1.388 cents
Record date	14 December 2020
Payment date (est)	29 December 2020

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

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1(a) Statement of Total Return and Distribution Statement

Statement of Total Return		Group					
		1.7.20 to 30.9.20	1.7.19 to 30.9.19	Change	1.1.20 to 30.9.20	1.1.19 to 30.9.19	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Notes						
Gross revenue	(1)	28,455	25,675	10.8	80,194	73,266	9.5
Property expenses	(2)	(2,324)	(2,755)	(15.6)	(7,090)	(8,004)	(11.4)
Net property income		26,131	22,920	14.0	73,104	65,262	12.0
Finance income		662	581	13.9	1,371	1,446	(5.2)
Finance costs		(9,721)	(9,260)	5.0	(29,208)	(23,213)	25.8
Manager's management fees	(3)						
- Base fees		(1,292)	(1,187)	8.8	(3,626)	(3,610)	0.4
Trustee's fees		(84)	(79)	6.3	(247)	(223)	10.8
Foreign exchange gain/(loss)	(4)	1,010	(1,503)	N/M	(1,393)	(1,101)	26.5
Other trust expenses	(5)	(378)	(491)	(23.0)	(1,159)	(1,217)	(4.8)
Net income		16,328	10,981	48.7	38,842	37,344	4.0
Net change in fair value of investment properties	(6)	-	14,772	N/M	-	14,772	N/M
Net change in fair value of financial derivatives	(7)	(1,904)	(209)	>100	(6,554)	(87)	>100
Total return for the financial period before income tax		14,424	25,544	(43.5)	32,288	52,029	(37.9)
Income tax expenses		(5,759)	(7,758)	(25.8)	(14,183)	(16,022)	(11.5)
Total return for the financial period after income tax before distribution		8,665	17,786	(51.3)	18,105	36,007	(49.7)
Distribution statement							
Total return for the financial period after income tax before distribution		8,665	17,786	(51.3)	18,105	36,007	(49.7)
Distribution adjustments	(8)	3,618	(5,913)	N/M	16,342	103	>100
Total amount available for distribution		12,283	11,873	3.5	34,447	36,110	(4.6)
Distribution to Unitholders		11,172	11,873	(5.9)	31,612	36,110	(12.5)

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.

The Manager has agreed to receive 50% of its base fee in the form of units for the year from 1 January 2020 to 31 December 2020.

- (4) Foreign exchange gain/(loss) arises mainly from revaluation of loans in foreign currency.
- (5) Other trust expenses include professional fees and other non-property related expenses.
- (6) The net change in fair value of investment properties relates to fair value adjustments due to the acquisition of Fuzhou E-commerce in 3Q2019.
- (7) The net change in fair value of financial derivatives relates to various derivative financial instruments which were put in place by the Manager to hedge interest rate and exchange rate risks.

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

	Group					
	1.7.20 to 30.9.20	1.7.19 to 30.9.19	Change	1.1.20 to 30.9.20	1.1.19 to 30.9.19	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Straight-lining of step-up rental	896	689	30.0	2,785	1,994	39.7
Security deposit accretion	(63)	28	N/M	(228)	95	N/M
Manager's base fees paid/payable in units	646	1,187	(45.6)	1,813	3,610	(49.8)
Trustee's fees	84	79	6.3	247	223	10.8
Fair value gain on investment properties	-	(14,772)	N/M	-	(14,772)	N/M
Deferred tax (credit)/expense	(224)	3,521	N/M	(703)	3,195	N/M
Fair value loss/(gain) on financial derivatives	1,904	209	>100	6,554	87	>100
Amortisation of upfront debt issuance costs	1,384	1,205	14.9	4,249	3,239	31.2
Foreign exchange (gain)/loss, net (unrealised)	(1,009)	1,504	N/M	1,332	1,107	20.3
Provision of real estate tax	-	434	N/M	293	1,320	(77.8)
Others	-	3	N/M	-	5	N/M
Total distribution adjustments	3,618	(5,913)	N/M	16,342	103	>100

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1(b)(i) Balance Sheet

		Group		ECW	
		Actual		Actual	
		30.9.20	31.12.19	30.9.20	31.12.19
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
	(1)	128,883	119,469	1,636	305
	(2)	-	110	-	110
	(3)	51,909	36,876	1,096	1,214
		-	-	289,753	288,978
		180,792	156,455	292,485	290,607
Non-current assets					
	(4)	1,627,880	1,567,586	-	-
		-	-	39,588	39,588
		1,627,880	1,567,586	39,588	39,588
Total assets					
		1,808,672	1,724,041	332,073	330,195
LIABILITIES					
Current liabilities					
		34,367	34,139	1,881	1,874
		-	-	418,207	393,700
	(5)	88,209	67,889	-	15,690
	(2)	10,741	4,301	-	71
		14,125	11,743	-	-
		147,442	118,072	420,088	411,335
Non-current liabilities					
	(5)	594,337	586,625	-	-
	(6)	281,406	271,022	-	-
		65,966	63,392	-	-
		1,002	1,005	-	-
		942,711	922,044	-	-
Total liabilities					
		1,090,153	1,040,116	420,088	411,335
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS					
		718,519	683,925	(88,015)	(81,140)
Represented by:					
UNITHOLDERS' FUNDS					
	(7)	718,519	683,925	(88,015)	(81,140)

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Notes

- (1) Includes RMB194.7 million (S\$39.1 million) cash security deposits received from the master leases and cash deposits of RMB469.8 million (S\$94.4 million) placed as collateral for standby letter of credit (“SBLC”) issuance. Deposits were placed with Malayan Banking Berhad Shanghai Branch, United Overseas Bank (China) Limited and Bank of East Asia (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 30 September 2020, the derivative instruments entered into were:
- (a) Plain vanilla interest rate swaps (to hedge the interest rate of the Offshore Facility);
 - (b) Cross currency swaps (to hedge the interest rate and foreign exchange rate of the Offshore Facility); and
 - (c) Currency options contracts (to hedge the expected income repatriation from China to Singapore).
- (3) The increase in trade and other receivables was mainly due to delays in receipt of rental income from tenants as a result of the COVID-19 situation in China.
- (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”). The increase in carrying amount of investment properties was mainly due to strengthening of RMB against SGD. In view of the COVID-19 situation, the Board and Management expect variations in the asset valuation of the Properties.
- (5) Consists of term loan facilities drawn down in 3Q2019 and revolving credit facilities.
- 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 fair valuation of investment properties.
- (7) Please refer to item 1(d)(i) Statement of Changes in Unitholders’ Funds for details.

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

	Group		ECW	
	30.9.20	31.12.19	30.9.20	31.12.19
	S\$’000	S\$’000	S\$’000	S\$’000
Secured borrowings				
Amount repayable in one year or less	88,352	68,026	-	15,690
Less: Unamortised debt issuance costs	(143)	(137)	-	-
	88,209	67,889	-	15,690
Amount repayable after one year	603,739	599,810	-	-
Less: Unamortised debt issuance costs	(9,402)	(13,185)	-	-
	594,337	586,625	-	-
Total borrowings	682,546	654,514	-	15,690

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Notes:

Details of Collaterals and Borrowings

The key terms of the onshore secured term loans facility (the “**Onshore Facility**”) and the offshore secured term loan facility (the “**Offshore Facility**”) are as follows:

(a) Onshore Facility

ECW has put in place 3-year RMB1,018.0 million (S\$204.6 million) and 10-year RMB77.0 million (S\$15.5 million) secured term loan facility.

The facility is 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. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. and a first ranking pledge over 65.98% equity interests of Zhejiang Fuzhou E-Commerce Co., Ltd. held by Wuhan Fute 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., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd., Zhejiang Fuzhou E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd., Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd., and an unconditional and irrevocable guarantee from DBS Trustee Limited (in its capacity as Trustee of ECW);
- iii) a first ranking mortgage over the Properties;
- iv) a pledge of all sales proceeds, rental income 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, Hangzhou Branch) named as the first beneficiary;
- vii) an assignment of all present and future rights and interests of the Onshore Borrowers (which consists of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.), Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. in relation to inter-company debts and shareholder’s loans;
- viii) a subordination deed in relation to the inter-company debts and shareholder’s loans made to the Onshore Borrowers; and
- ix) any other security as may be reasonably required by the lenders.

The blended all-in interest rate for the quarter and 9 months ended 30 September 2020 was 6.2% and 6.3% respectively. The blended all-in running interest rate for the quarter and 9 months ended 30 September 2020 was 5.8% and 5.9% respectively.

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(b) Offshore Facility

ECW has 3-year S\$305.6 million and US\$86.8 million (S\$118.8 million) secured term loan facility secured by way of, *inter alia*:

- i) An unconditional and irrevocable guarantee from Fullwealth Investment Pte. Ltd., Richwin Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richport Investment Pte. Ltd., Magnasset Investment Pte. Ltd., JY Logistics Investment Pte. Ltd. and Realtime Assets Global Pte. Ltd. (the “Singapore Holding Companies”) and Flutric Investments Limited (the “BVI Holding Company”), and the Trustee (in its capacity as trustee of ECW) on a joint and several basis;
- ii) A charge over the entire issued share capital of each of the Singapore Holding Companies, the BVI Holding Company and ECW Treasure Pte. Ltd. (“ECWT”);
- iii) A pledge over the entire issued equity interest of each 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., Zhejiang Hengde Sangpu Logistics Co., Ltd., Wuhan Fute Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.;
- iv) A mortgage over each of the Properties and a floating mortgage over the assets of Zhejiang Fuzhou E-commerce Co., Ltd., in each case, securing the term loan facility of S\$39.1 million and US\$5.84 million; and
- v) A debenture over all the assets of the Trustee (in its capacity as trustee of ECW) relating to and/or in connection with the Properties, and debentures over all of the assets of each of the Singapore Holding Companies and ECWT.

The blended all-in interest rate for the quarter and 9 months ended 30 September 2020 was 5.2%. The blended all-in running interest rate for the quarter and 9 months ended 30 September 2020 was 4.1%. As at 30 September 2020, S\$300.0 million and US\$86.8 (S\$118.8 million) of the above facility were drawn down and 100% of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps and cross currency swaps.

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

(c) Revolving Credit Facilities

ECW has put in place uncommitted revolving credit facilities of S\$120.0 million with Malayan Banking Berhad (“MBB”), United Overseas Bank Ltd (“UOB”) and Bank of East Asia Limited, Singapore Branch (“BEA”). As at 30 September 2020, ECW had drawn down a total of S\$82.9 million short-term loans backed by SBLC issued by Malayan Banking Berhad Shanghai Branch, United Overseas Bank (China) Ltd and Bank of East Asia (China) Limited. The SBLC is collateralised against a total cash deposit of RMB469.8 million (S\$94.4 million). The interest rates ranged from 1.1% to 2.6% per annum for the quarter ended 30 September 2020.

The blended all-in interest rate of the aggregate facilities for the quarter and 9 months ended 30 September 2020 was 5.0% and 5.1% respectively. The blended all-in running interest rate for the quarter and 9 months ended 30 September 2020 was 4.2% and 4.3% per annum respectively. At the end of the period, the Aggregate Leverage for the Group was 38.3% (31 December 2019: 38.7%) and the interest coverage ratio¹ was 2.51 times (31 December 2019: 2.76 times).

¹ calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.

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1(c) Cash Flows Statement

		Group			
		1.7.20 to 30.9.20	1.7.19 to 30.9.19	1.1.20 to 30.9.20	1.1.19 to 30.9.19
		S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities					
	Total return for the financial period	8,665	17,786	18,105	36,007
	Adjustments for:				
	- Income tax	5,759	7,758	14,183	16,022
	- Interest income	(662)	(581)	(1,371)	(1,446)
	- Finance cost	9,721	9,260	29,208	23,213
	- Effect of straight lining of step-up rental	896	689	2,785	1,994
	- Effect of security deposits accretion	(764)	(725)	(2,317)	(2,072)
	- Fair value loss on derivative instruments	1,904	209	6,554	87
	- Fair value gain on investment properties	-	(14,772)	-	(14,772)
	- Manager's base fees payable in units	646	1,187	1,813	3,610
	- Exchange (gain)/loss	(1,009)	1,504	1,332	1,107
	Operating cash flow before working capital change	25,156	22,315	70,292	63,750
	Changes in working capital:				
	Trade and other receivables	6,516	15,374	(12,832)	6,410
	Trade and other payables	(618)	20,014	(1,385)	18,015
	Cash generated from operating activities	31,054	57,703	56,075	88,175
	Interest received	662	581	1,371	1,446
	Income tax paid (net)	(2,709)	(3,108)	(13,030)	(13,639)
	Net cash generated from operating activities	29,007	55,176	44,416	75,982
	Cash Flows from Investing Activities				
	Additions to investment properties	-	(181)	-	(887)
	Payment made for acquisition of subsidiary, net of cash acquired	-	(154,502)	-	(154,502)
	Net cash used in investing activities	-	(154,683)	-	(155,389)
	Cash Flows from Financing Activities				
	Repayment of bank borrowings	(36,169)	(461,896)	(40,676)	(512,455)
	Distribution to Unitholders	(11,142)	(12,311)	(32,538)	(36,667)
	Proceeds from bank borrowings	33,050	579,116	55,349	644,406
	Payment of loan transaction fees	-	(13,687)	-	(13,687)
	Interest paid	(7,314)	(5,094)	(21,606)	(15,409)
	SBLC commission paid	(77)	(114)	(186)	(295)
	Settlement of derivative financial instruments (net)	-	54	-	69
	Placements of deposits for SBLC facilities	974	35,317	(21,859)	17,363
	Increase in interest reserves	-	(6,133)	-	(6,142)
	Net cash (used in)/generated from financing activities	(20,678)	115,252	(61,516)	77,183
	Net increase/(decrease) in cash and cash equivalents	8,329	15,745	(17,100)	(2,224)
	Cash and cash equivalents at beginning of financial period	10,218	25,646	34,697	43,698
	Effects of exchange rate changes on cash and cash equivalents	263	(383)	1,213	(466)
	Cash and cash equivalents at the end of financial period	18,810	41,008	18,810	41,008

Notes

(1)

(1)

(1)

(2)

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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	
	30.9.20	30.9.19
	S\$'000	S\$'000
Cash and cash equivalents (as per Balance Sheet)	128,883	128,241
Less:		
- Interest reserves [#]	(15,654)	(15,243)
- Cash collateral for SBLC facilities	(94,419)	(71,990)
Cash and cash equivalents per consolidated statement of cash flows	18,810	41,008

[#] Bank deposits maintained as interest reserves, as required by the Offshore Facility and Onshore Facility agreements.

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

	Group		Group	
	1.7.20 to 30.9.20	1.7.19 to 30.9.19	1.1.20 to 30.9.20	1.1.19 to 30.9.19
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Balance as at beginning of the period	859,699	808,127	850,259	801,827
Total return after tax	8,665	17,786	18,105	36,007
Distributions to unitholders	(11,142)	-	(11,142)	(11,921)
Balance as at end of the period	857,222	825,913	857,222	825,913
GENERAL RESERVES				
Balance as at beginning of the period	15,709	10,841	15,709	10,841
Balance as at end of the period	15,709	10,841	15,709	10,841
UNITHOLDERS' CONTRIBUTION				
Balance as at beginning of the period	(69,580)	(31,036)	(49,974)	(20,137)
Movement during the period				
- Manager's base fees paid in units	651	1,192	2,441	2,435
- Manager's performance fees paid in units	-	-	-	293
- Distributions to unitholders	-	(12,311)	(21,396)	(24,746)
Balance as at end of the period	(68,929)	(42,155)	(68,929)	(42,155)
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance as at beginning of the period	(109,996)	(111,876)	(132,069)	(103,979)
Translation differences relating to financial statements of foreign subsidiaries	24,513	(16,704)	46,586	(24,601)
Balance as at end of the period	(85,483)	(128,580)	(85,483)	(128,580)
Total Unitholders' funds as at end of the period	718,519	666,019	718,519	666,019

	ECW		ECW	
	1.7.20 to 30.9.20	1.7.19 to 30.9.19	1.1.20 to 30.9.20	1.1.19 to 30.9.19
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Balance as at beginning of the period	(22,473)	(22,379)	(31,166)	(11,746)
Total return after tax	14,529	(5,479)	23,222	(4,191)
Distributions to unitholders	(11,142)	-	(11,142)	(11,921)
Balance as at end of the period	(19,086)	(27,858)	(19,086)	(27,858)
UNITHOLDERS' CONTRIBUTION				
Balance as at beginning of the period	(69,580)	(31,036)	(49,974)	(20,137)
Movement during the period				
- Manager's base fees paid in units	651	1,192	2,441	2,435
- Manager's performance fees paid in units	-	-	-	293
- Distributions to unitholders	-	(12,311)	(21,396)	(24,746)
Balance as at end of the period	(68,929)	(42,155)	(68,929)	(42,155)
Total Unitholders' funds as at end of the period	(88,015)	(70,013)	(88,015)	(70,013)

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

					Group and ECW			
					1.7.20 to 30.9.20	1.7.19 to 30.9.19	1.1.20 to 30.9.20	1.1.19 to 30.9.19
					Units	Units	Units	Units
Balance as at beginning of period				803,943,591	794,228,726	801,206,236	792,014,317	
- Manager's base fees paid in units				939,720	1,566,602	3,677,075	3,358,197	
- Manager's performance fees paid in units				-	-	-	422,814	
Issued units as at the end of period				804,883,311	795,795,328	804,883,311	795,795,328	
Units to be issued								
- Manager's base fees payable in units for 1.7.20 to 30.9.20				960,670	-	960,670	-	
- Manager's base fees payable in units for 1.7.19 to 30.9.19				-	1,626,632	-	1,626,632	
- Manager's base fees payable in units for 1.4.19 to 30.6.19				-	1,579,440	-	1,579,440	
Total issued and to be issued units				805,843,981	799,001,400	805,843,981	799,001,400	

Note

(1)

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 received 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). Subsequently, 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 50% of its base fee in the form of units for the year from 1 January 2020 to 31 December 2020.

- 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 2019.

**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
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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 2020 as follows:

Amendments to FRS 103 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under FRS 103. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term “outputs” is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. Entities can apply a “concentration test” that, if met, eliminates the need for further assessment. Under this optional test, where substantially all the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business. These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

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

		Group			
Note		1.7.20 to 30.9.20	1.7.19 to 30.9.19	1.1.20 to 30.9.20	1.1.19 to 30.9.19
	Weighted average number of units as at end of period	803,964,020	795,778,300	802,707,108	794,045,236
	Earnings per unit ("EPU") - Basic and Diluted (cents)	1.08	2.23	2.26	4.53
	Number of units entitled to distribution	804,883,311	797,374,768	804,883,311	797,374,768
	Distribution per unit ("DPU") (cents)	1.388	1.489	3.932	4.537
	Distribution per unit ("DPU") (cents) - Annualised	5.522	5.907	5.252	6.066

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 1.388 cents per unit for period from 1 July 2020 to 30 September 2020 will be paid on or around 29 December 2020.

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

	As at 30.9.20	As at 31.12.19
NAV / NTA of Group - attributable to Unitholders (S\$'000)	718,519	683,925
NAV / NTA of REIT (S\$'000)	(88,015)	(81,140)
Number of units outstanding as at end of each period ('000)	804,883	801,206
Group's net asset value per unit (S\$)	0.89	0.85
REIT's net asset value per unit (S\$)	(0.11)	(0.10)

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8. Review of the Performance

(i) Review of performance for the quarter ended 30 September 2020

Gross revenue of S\$28.5 million was S\$2.8 million or 10.8% higher compared to 3Q2019. Net property income (“NPI”) of S\$26.1 million was S\$3.2 million or 14.0% higher compared to 3Q2019. In RMB terms, the gross revenue and NPI were 9.2% and 12.3% higher respectively compared to 3Q2019. After straight-line, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms were 9.8% and 11.0% higher respectively compared to 3Q2019, mainly due to contribution from Fuzhou E-commerce which was acquired in August 2019 and organic rental escalations.

Finance costs of S\$9.7 million were S\$0.5 million or 5.0% higher compared to 3Q2019. This was mainly due to higher term loan quantum in this quarter compared to same quarter last year.

Distribution to Unitholders was S\$11.2 million, representing S\$0.7 million or 5.9% decrease compared to 3Q2019 mainly due to retention of 9% of distributable income.

(ii) Review of performance for the 9 months ended 30 September 2020

Gross revenue of S\$80.2 million was S\$6.9 million or 9.5% higher compared to 9M2019. Net property income (“NPI”) of S\$73.1 million was S\$7.8 million or 12.0% higher compared to 9M2019. In RMB terms, the gross revenue and NPI were 9.4% and 12.0% higher respectively compared to 9M2019. After straight-line, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms were 10.2% and 11.0% higher respectively compared to 9M2019, mainly due to contribution from Fuzhou E-commerce which was acquired in August 2019 and organic rental escalations. The increases were partially offset by a one-off rental rebate given to tenants as announced on 3 April 2020 to mitigate the adverse effects of the current COVID-19 situation on tenants’ operations.

Finance costs of S\$29.2 million were S\$6.0 million or 25.8% higher compared to 9M2019. This was mainly due to higher term loan quantum compared to same period last year.

Distribution to Unitholders was S\$31.6 million, representing S\$4.5 million or 12.5% decrease compared to 9M2019 mainly due to rental rebates given in 1Q2020 as announced on 3 April 2020 and retention of distributable income.

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 China’s National Bureau of Statistics² reported a 4.9% year-on-year gross domestic product (GDP) expansion in the third quarter of 2020, an accelerated growth rate compared to 3.2% in the second quarter of 2020. In the first three quarters, the country’s GDP expanded 0.7% year-on-year, returning to growth after the 1.6 %-contraction in the first half of the year and 6.8% slump in Q1.

Major indicators showed across-the-board improvements, with industrial output rising 5.8% and retail sales reporting the first quarterly expansion, up 0.9% year-on-year in Q3². Online retail sales reached registered a 9.7% growth to RMB8,006.5 billion for the first three quarters of 2020, 2.4% higher than that of the first half of this year².

To mitigate the negative economic impact from COVID-19, the Chinese government rolled out a series of measures, including more fiscal spending, tax relief, and cuts in lending rates and banks’ reserve requirements to stabilize growth and employment. While the COVID-19 situation has stabilised domestically, the Chinese government cautioned that a sustained recovery will still be dependent on the global macro situation as well as continued epidemic control within China³.

On 14 October 2020, the Manager announced the successful renewal of a major lease amounting to 159,752 sqm with China Tobacco Zhejiang Industrial Co., Ltd at Hengde Logistics for 38 months and a new lease amounting to 22,545 sqm of warehouse and dormitory space at Wuhan Meiluote to a reputable e-commerce company which commenced in end-October 2020. Including the committed leases, EC World REIT has only about 3.8% of portfolio net lettable area due for renewal for the rest of the financial year. As at 30 September 2020, EC World REIT has a portfolio occupancy of 96.7%. Including the committed leases at Wuhan Meiluote and the extension of lease at Hengde Logistics, portfolio occupancy would have been 99.0% and the weighted average lease to expiry (WALE) would increase from 2.6 years to of 3.1 years. Four out of eight properties of ECW’s portfolio are on master leases with embedded rental escalation which will provide organic growth. The high occupancy and healthy WALE will provide predictability and stability in ECW’s portfolio performance.

² National Bureau of Statistics, China: http://www.stats.gov.cn/english/PressRelease/202010/t20201019_1794616.html

³ Xinhua news: http://www.xinhuanet.com/english/2020-10/19/c_139452017.htm

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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 July 2020 to 30 September 2020

Distribution types: Tax-exempt distribution

Distribution rate: 1.388 cents per unit

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 91% of the distributable income for the period from 1 July 2020 to 30 September 2020.

(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 1.489 cents per unit was declared for the period from 1 July 2019 to 30 September 2019.

(c) Date Payable (est.) 29 December 2020

(d) Record Date 14 December 2020

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 July 2020 to 30 September 2020.

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							
	1.7.20 to 30.9.20		1.7.19 to 30.9.19		1.1.20 to 30.9.20		1.1.19 to 30.9.19	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Gross revenue								
- Port logistics	11,124	39.1	10,769	41.9	31,293	39.0	32,668	44.6
- Specialised logistics	3,611	12.7	3,552	13.8	10,589	13.2	10,813	14.8
- E-commerce logistics	13,720	48.2	11,354	44.3	38,312	47.8	29,785	40.6
	28,455	100.0	25,675	100.0	80,194	100.0	73,266	100.0
Net property income								
- Port logistics	10,421	39.9	10,007	43.7	29,069	39.8	30,259	46.4
- Specialised logistics	3,233	12.4	3,120	13.6	9,520	13.0	9,552	14.6
- E-commerce logistics	12,477	47.7	9,793	42.7	34,515	47.2	25,451	39.0
	26,131	100.0	22,920	100.0	73,104	100.0	65,262	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 review of actual performance.

16. Breakdown of sales

	Group		
	1.1.20 to 30.9.20	1.1.19 to 30.9.19	Change
	S\$'000	S\$'000	%
<u>First half of the year</u>			
Gross revenue	51,739	47,591	8.7
Net property income	46,973	42,342	10.9
<u>Second half of the year</u>			
Gross revenue	28,455	25,675	10.8
Net property income	26,131	22,920	14.0

Please refer to Item 8 for review of actual performance.

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17. Breakdown of total distribution for the financial period ended 30 September 2020

In respect of the period:

1 January 2019 to 31 March 2019

1 April 2019 to 30 June 2019

1 July 2019 to 30 September 2019

1 January 2020 to 31 March 2020

1 April 2020 to 30 June 2020

1 July 2020 to 30 September 2020

(Payable on or around 29 December 2020)

Group	
1.1.20 to 30.9.20	1.1.19 to 30.9.19
S\$'000	S\$'000
-	11,923
-	12,314
-	11,873
9,298	-
11,142	-
11,172	-
31,612	36,110

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 30 September 2020:

- (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)(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. For 3Q2020, the Manager has resolved to distribute 91% of the tax-exempt distribution to Unitholders.

- (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.

**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
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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 30 September 2020, 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

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
9 November 2020