PROSPECTUS DATED 20 JULY 2016 (Registered with the Monetary Authority of Singapore on 20 July 2016).


STAGE 1 PROPERTIES OF BEI GANG LOGISTICS


FU HENG WAREHOUSE


HENGDE LOGISTICS

7.1%[1]

ANNUALISED DISTRIBUTION YIELD FOR FY2016 BASED ON OFFERING PRICE OF S$0.81 PER UNIT

EC World 运通网城 REIT

(a real estate investment trust constituted on 5 August 2015 under the laws of the Republic of Singapore)

Offering of 188,125,600 Units
Public Offering Size 7,500,000 Units

Offering Price:
S$0.81 per Unit

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

EC World Asset Management Pte. Ltd., as manager of EC World Real Estate Investment Trust ("**EC World REIT**", and the manager of EC World REIT, the "**Manager**"), is making an offering (the "**Offering**") of 188,125,600 units representing undivided interests in EC World REIT ("**Units**") for subscription at the Offering Price (as defined herein) (the "**Offering Units**"). The Offering consists of (i) an international placement of 180,625,600 Units to investors, including institutional and other investors in Singapore (the "**Placement Tranche**"), and (ii) an offering of 7,500,000 Units to the public in Singapore (the "**Public Offer**").

The issue price of each Unit under the Offering (the "**Offering Price**") is S$0.81. DBS Bank Ltd. is the sole financial adviser, global coordinator and issue manager for the Offering (the "**Sole Financial Adviser, Global Coordinator and Issue Manager**"). DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited and Maybank Kim Eng Securities Pte. Ltd. are the joint bookrunners and underwriters for the Offering (collectively, the "**Joint Bookrunners and Underwriters**"). The Offering is fully underwritten at the Offering Price by Joint Bookrunners and Underwriters on the terms and subject to the conditions of the Underwriting Agreement (as defined herein).

Immediately prior to the date of this Prospectus, Madam Wang Guoli held one Unit. As soon as practicable after the registration of this Prospectus, the one Unit held by Madam Wang Guoli will be sub-divided (the "**Sub-division**") so that the total number of Units in issue and held by Madam Wang Guoli prior to the Redemption (as defined herein) and the Offering is 673,995,371 Units (the "**Private Trust Units**"). Upon completion of the Sub-division and separate from the Offering, the Manager will fully redeem the Private Trust Units held by Madam Wang Guoli at the Offering Price (the "**Redemption**"). The total number of outstanding Units immediately after completion of the Redemption and the Offering will be 777,512,000 Units.

Concurrently with, but separate from the Offering, Forchn Investments (Singapore) Pte. Ltd., a wholly-owned subsidiary of Forchn Holdings Group Co., Ltd. (the "**Sponsor**") has entered into a subscription agreement to subscribe for 349,880,400 Units (the "**Sponsor Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

In addition, concurrently with, but separate from the Offering, each of the Cornerstone Investors (as defined herein) has entered into a subscription agreement to subscribe for an aggregate of 239,506,000 Units (the "**Cornerstone Units**") at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore ("**IPO**"). Application has been made to Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to list on the Main Board of the SGX-ST (i) all Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units, (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees and (v) all the Units which will be issued to Yuntong Property Management Co., Ltd. (the "**Property Manager**") from time to time in full or part payment of the Property Manager's fees. Such permission will be granted when EC World REIT has been admitted to the Official List of the SGX-ST (the "**Listing Date**"). Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted to list the Units. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against any of EC World REIT, the Manager, DBS Trustee Limited, as trustee of EC World REIT (the "**Trustee**"), the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters.

EC World REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of (i) all Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units, (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees and (v) all the Units which will be issued to the Property Manager from time to time in full or part payment of the Property Manager's fees on the Main Board of the SGX-ST. EC World REIT's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters or the Units.

EC World REIT is a collective investment scheme authorised under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act" or "SFA"). The Manager has lodged and registered a copy of this Prospectus with the Monetary Authority of Singapore (the "MAS") on 30 June 2016 and 20 July 2016, respectively. The MAS assumes no responsibility for the contents of the Prospectus. Lodgement with, or registration by, the MAS of the Prospectus does not imply that the Securities and Futures Act or any other legal or regulatory requirements have been complied with. The MAS has not, in any way, considered the investment merits of the collective investment scheme. This Prospectus will expire on 19 July 2017 (12 months after the date of the registration of this Prospectus).

See the "Risk Factors" section in this Prospectus for a discussion of certain factors to be considered in connection with an investment in the Units. None of the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters guarantees the performance of EC World REIT, the repayment of capital or the payment of a particular return on the Units.

Potential investors should note that the Sponsor and two of its subsidiaries (Hangzhou Fu Gang Supply Chain Co., Ltd and Hangzhou Fuyang Yunton E-Commerce Co., Ltd.) have entered into master lease agreements with the relevant PRC Property Companies (as defined herein) for three of EC World REIT's properties, being the Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse. The term of each master lease is five years and the Sponsor will be providing a corporate guarantee for the master leases entered into by its subsidiaries. Based on the assumptions set out in the Prospectus, the annualised distribution yield and DPU is 7.1% and 3.34 Singapore cents respectively for Forecast Period 2016 and 7.3% and 5.94 Singapore cents respectively for Projection Year 2017. In the absence of the master leases, the annualised distribution yield and DPU is 5.8% and 2.75 Singapore cents respectively for Forecast Period 2016 and 6.3% and 5.11 Singapore cents respectively for Projection Year 2017. Upon the expiry or termination of the master leases, the Properties may not be able to generate a level of rental income which is comparable to the rental payable under the master leases. Please refer to the risk factors titled "EC World REIT is dependent on the master lessees of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse for rental payments." and "EC World REIT is subject to the risk of non-renewal, non-replacement or early termination of leases, and the loss of major tenants or a significant number of tenants of any of the Properties, or a downturn in the businesses of major tenants or a significant number of tenants, could have an adverse effect on the business, financial condition and results of operations of EC World REIT." in the "Risk Factors" section for further details.

Investors who are members of the Central Provident Fund ("**CPF**") in Singapore may use their CPF Ordinary Account savings to purchase Units as an investment included under the CPF Investment Scheme – Ordinary Account. CPF members are allowed to invest up to 35.0% of the Investible Savings (as defined herein) in their CPF Ordinary Accounts to purchase Units. Investors applying for Units by way of Application Forms (as defined herein) or Electronic Applications (both as referred to in Appendix F, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will have to pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom), where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

In connection with the Offering, the Joint Bookrunners and Underwriters have been granted an over-allotment option (the "**Over-Allotment Option**") by Forchn Investments (Singapore) Pte. Ltd. (the "**Unit Lender**"), a company incorporated in Singapore that is a wholly-owned subsidiary of the Sponsor, exercisable by DBS Bank Ltd. (the "**Stabilising Manager**") (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), in full or in part, on one or more occasions, only from the Listing Date but no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 31,100,500 Units, representing not more than 16.6% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,100,500 Units (representing not more than 16.6% of the total number of Units in the Offering) at the Offering Price. The exercise of the Over-Allotment Option will not increase the total number of Units outstanding. In connection with the Offering, the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations.

This Prospectus has been lodged only with the Monetary Authority of Singapore and does not constitute a "prospectus" within the meaning of Section 2(a)(10) of the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under the applicable securities laws of any other jurisdiction. Nothing in this Prospectus constitutes an offer for securities for sale in the United States of America ("**United States**" or "**U.S.**") or any other jurisdiction where it is unlawful to do so. The Units have not been, and will not be, registered under the Securities Act or the securities law of any state of the U.S. and accordingly, may not be offered or sold within the U.S. except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold only in offshore transactions as defined in and in reliance on Regulation S under the Securities Act ("**Regulation S**").

[1] Based on the Offering Price and the accompanying assumptions in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

Sponsor

FORCHN 富春
精 诚 铸 辉 煌

Sole Financial Adviser, Global Coordinator and Issue Manager

DBS

Joint Bookrunners and Underwriters

DBS 中国银行 BANK OF CHINA CICC 中金公司 Maybank Kim Eng

FIRST CHINESE SPECIALISED LOGISTICS AND E-COMMERCE LOGISTICS REIT TO BE LISTED ON THE SGX-ST

About EC WORLD REIT

EC World REIT is a Singapore real estate investment trust ("REIT") 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 on the People's Republic of China (the "PRC").

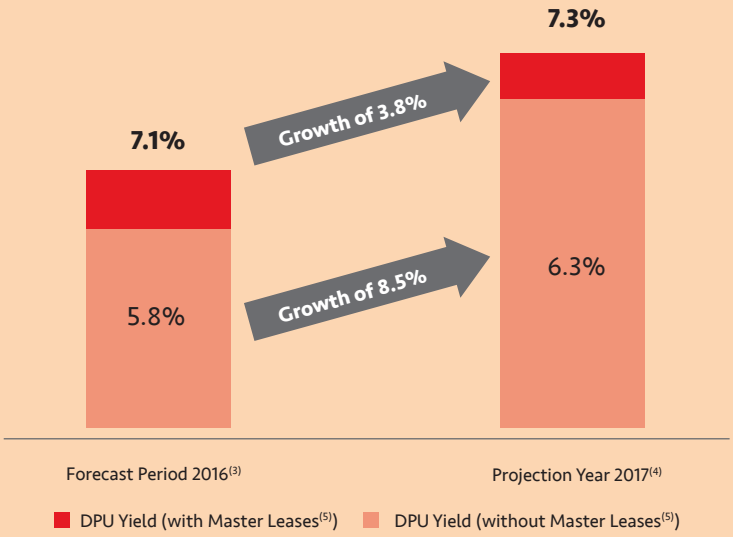
Total Appraised Value:
RMB **6,357** million
(equivalent to approximately S$1,303.0 million)[1]

Initial Portfolio:
6 properties strategically located in Hangzhou, the PRC

Aggregate NLA:
698,478 sq m[1]

Weighted average Occupancy Rate:
92.3%[1]

STABLE AND GROWING DISTRIBUTIONS[2]



[1] As at 31 December 2015.
[2] Based on the Offering Price and the accompanying assumptions in the Prospectus. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.
[3] Forecast Period 2016 is defined as the financial period from 1 June 2016 to 31 December 2016.
[4] Projection Year 2017 is defined as the financial period from 1 January 2017 to 31 December 2017.
[5] "**Master Leases**" refer to the master lease arrangements in relation to Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse.

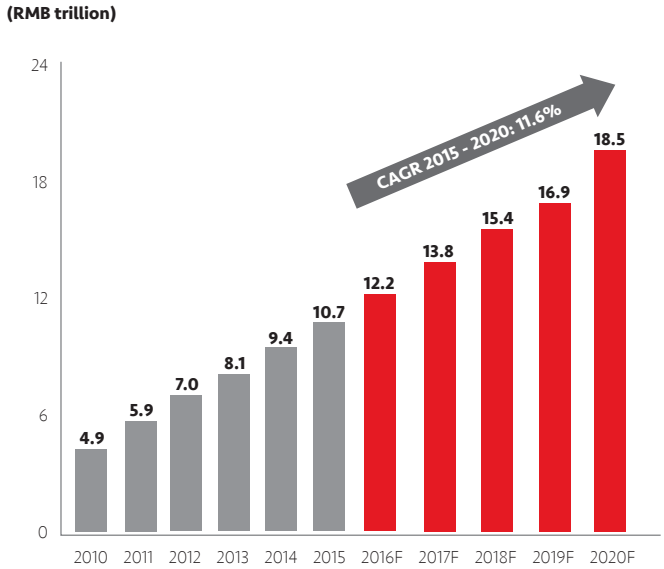
KEY INVESTMENT HIGHLIGHTS

UNIQUE EXPOSURE TO THE LOGISTICS AND E-COMMERCE SECTORS IN HANGZHOU

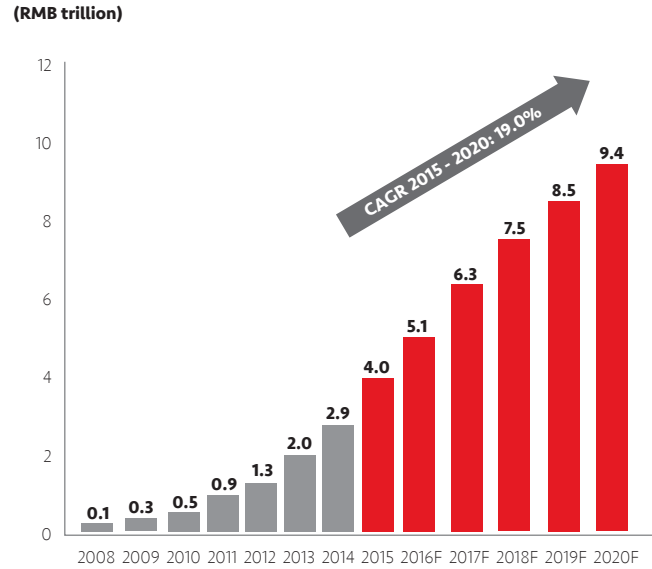
- Hangzhou is one of the largest e-commerce hubs in China and has market coverage over Zhejiang Province
- Hangzhou is one of the most important steel transportation hubs along the Beijing-Hangzhou Grand Canal
- Strong potential of the Chinese logistics and e-commerce infrastructure market

STRONG GROWTH POTENTIAL OF CHINA E-COMMERCE AND LOGISTICS SECTOR

China B2B E-Commerce Market



China B2C & C2C E-Commerce Market



Source : The Independent Market Research Report of Analysys Consulting Ltd. as set out in Appendix E of the Prospectus.

STRONG, REPUTABLE AND COMMITTED SPONSOR WITH EXTENSIVE NETWORKS AND EXPERIENCE IN E-COMMERCE AND LOGISTICS SECTORS

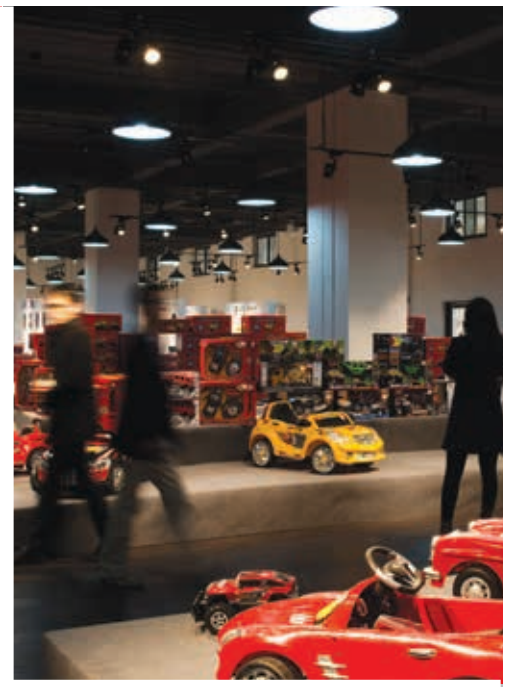
- The Sponsor is an established operator of e-commerce and logistics properties in China
- Alignment of interest between the Sponsor and the Unitholders

EXPERIENCED AND PROFESSIONAL REIT MANAGEMENT AND PROPERTY MANAGEMENT TEAMS

- Experienced Board and management team with proven track record
- Professional property management team with experience in managing e-commerce and logistics assets
- Management fee structure based on distributable income and DPU growth which demonstrates the Manager's alignment of interest with Unitholders

CHONGXIAN PORT INVESTMENT

One of China's key inland ports and Hangzhou's top inland port for steel products



CHONGXIAN PORT LOGISTICS

One of the largest metal warehouse and logistics developments in the Yangtze River Delta

FU ZHUO INDUSTRIAL

Comprises berths and office buildings and located next to Chongxian Port Investment

STAGE 1 PROPERTIES OF BEI GANG LOGISTICS

One of the largest e-commerce developments in the Yangtze River Delta

HENGDE LOGISTICS

High-specification warehouses offering features such as temperature and humidity control systems

FU HENG WAREHOUSE

A purpose-built e-commerce distribution centre comprising warehousing, logistics, parcel producing and sorting[1]

[1] The master lessee of Fu Heng Warehouse, which is a subsidiary of the Sponsor, provides third-party warehousing services and operates integrated logistics services for e-commerce activities under the "Ruyicang" brand.

KEY INVESTMENT HIGHLIGHTS

DIVERSIFIED PORTFOLIO OF QUALITY ASSETS WHICH OFFERS UNIQUE MIX OF STABLE INCOME, GROWTH POTENTIAL AND SYNERGISTIC BENEFITS

- Diversified portfolio of quality assets comprising port, warehouse and e-commerce infrastructure offers a good mix of stable income and good growth potential
- Synergistic benefits within portfolio of quality assets which are mostly located in one of the largest e-commerce clusters in the Yangtze River Delta
- Diversified and reputable tenant base which ensures a stable income stream

SYNERGISTIC BENEFITS FROM PURPOSE-BUILT E-COMMERCE FACILITIES

- Located within an integrated e-commerce industry cluster in the north and south of Hangzhou, respectively.

- The integrated e-commerce industry clusters comprise high-quality purpose-built infrastructures and supporting facilities, where e-commerce goods are warehoused and distributed, and e-commerce communities congregate and trade.

- According to the Independent Market Research Consultant, these industry clusters are well positioned to attract high quality enterprises which are willing to pay higher rent for spaces within such clusters.

PORTFOLIO OF QUALITY ASSETS WHICH ARE MOSTLY LOCATED IN ONE OF THE LARGEST E-COMMERCE CLUSTERS IN THE YANGTZE RIVER DELTA

	Total NLA (sq m)	Committed Occupancy[2]
Chongxian Port Investment	112,726	100.0%
Chongxian Port Logistics	125,856[1]	100.0%
Fu Zhuo Industrial	7,128[1]	100.0%
Stage 1 Properties of Bei Gang Logistics	120,449	55.3%
Fu Heng Warehouse	94,287	100.0%
Hengde Logistics	238,032	100.0%

OPPORTUNITIES FOR GROWTH THROUGH STRATEGIC ACQUISITIONS AND ASSET ENHANCEMENT INITIATIVES

- Strategic acquisition growth
- Asset enhancement initiatives
- Opportunities to leverage on the market cycle of China's real estate sector

STABLE DISTRIBUTIONS WITH GROWTH POTENTIAL

- Stable and growing distributions
- Downside protection with master lease arrangements for certain properties in the IPO Portfolio

[1] The NLA of Chongxian Port Logistics and Fu Zhuo Industrial include the area of their storage yard.

[2] The Master Leases for Chongxian Port Investment and Fu Heng Warehouse commenced from 1 January 2016. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015, and without the Master Lease, the underlying occupancy rate of the Stage 1 Properties of Bei Gang Logistics is 55.3% as at 31 December 2015. Following the implementation of the Master Lease, the Master Lessee of the Stage 1 Properties of Bei Gang Logistics restructured the underlying lease arrangements to intensify the Property's focus as a hub for e-commerce businesses and in this process, the earlier tenancies which were less relevant to e-commerce sector were restructured or terminated, thereby resulting in an underlying occupancy rate of 55.3% for the Property as at 31 December 2015.

SPONSOR - FORCHN HOLDINGS GROUP CO., LTD. (THE "SPONSOR")

FORCHN 富春

精 诚 铸 辉 煌

The Sponsor is an established operator of port facilities and other logistics properties in China with over 20 years of experience. In recent years, the Sponsor has adopted a unique integrated e-commerce business model that enhances the competitive advantages of its industrial, warehousing and port logistics properties. The Sponsor has also acquired know-how in the B2B and B2C e-commerce models, and integrated solution of warehousing and logistics service tailored for e-commerce, thereby enabling it to efficiently cater for commercial transactions with businesses (B2B) as well as end-consumers (B2C).

Alongside partners Alibaba Group, Fosun Group, and other key logistics companies, the Sponsor was also one of the founding members of Cainiao Network Technology Co., Ltd. (菜鸟网络科技有限公司), a joint-venture established to transform China's logistics infrastructure. The Sponsor has an established presence in the e-commerce logistics sector through Ruyicang (如意仓), its integrated smart warehousing and third party logistics services platform.

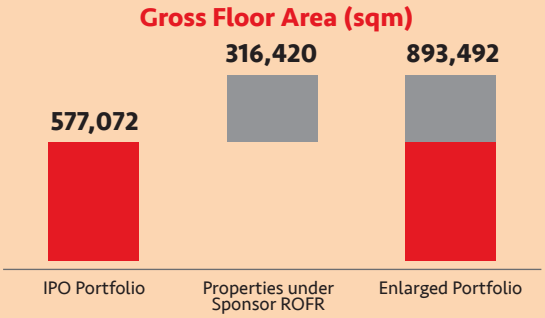
EC World REIT stands to benefit from the Sponsor's diversified businesses, market reach, industrial knowledge and business networks in the port, logistics and fast-growing e-commerce sectors.

OPPORTUNITIES FOR GROWTH THROUGH STRATEGIC ACQUISITIONS


Stage 2 of Bei Gang Logistics


Fu Zhou E-commerce Properties

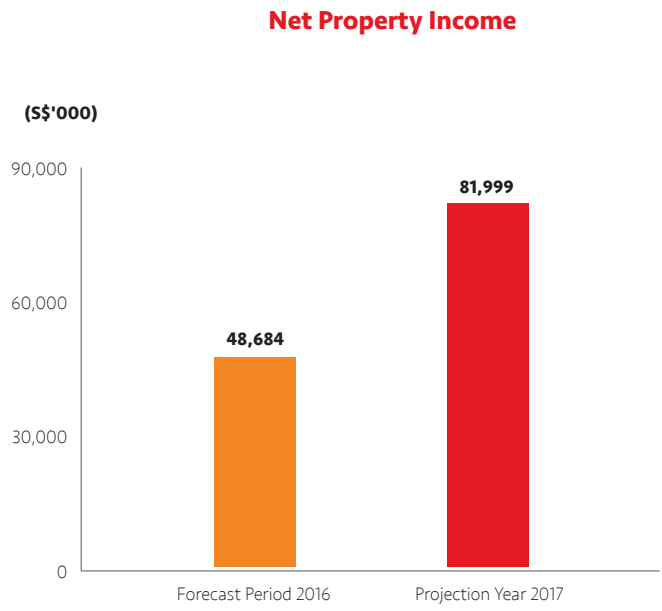
Properties under the Sponsor ROFR[1]	GFA (sq m)	Estimated Date of Commencement of Operations	Sponsor's Effective Interest
Fu Zhou E-commerce Properties	215,643	January 2017	58.0%[2]
Stage 2 of Bei Gang Logistics	100,777	December 2017	100.0%
Total GFA	**316,420**		

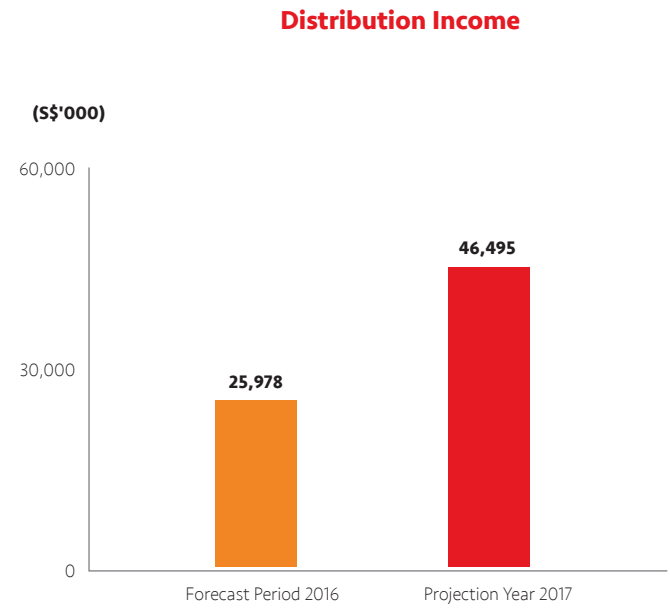


[1] The Sponsor is required to offer these properties to EC World REIT under the right of first refusal which it has granted to EC World REIT ("**Sponsor ROFR**") if it wishes to divest its interest in such properties. EC World REIT is not obliged to acquire any of the properties under the Sponsor ROFR.

[2] Fu Zhou E-Commerce Co., Ltd. is a wholly-owned subsidiary of Hangzhou Zhang Xiao Quan Group Co., Ltd. ("**ZXQ Group**"). The Sponsor holds a 58.0% stake in ZXQ Group.

KEY FINANCIAL HIGHLIGHTS





KEY STRATEGIES OF THE MANAGER

- **ASSET FOCUS**
  Focus on real estate assets which support the e-commerce business
- **INVESTMENT STRATEGY**
  Invest in value-adding investments, comprising development and acquisition of income-producing properties with strong underlying real estate fundamentals
- **ORGANIC GROWTH STRATEGY**
  Optimise organic growth through proactive portfolio and asset management
- **ACQUISITION GROWTH STRATEGY**
  Pursue opportunities for future income and capital growth through leveraging on the network and experience of the Sponsor and the support provided by the right of first refusal granted by each of the Sponsor and Mr Zhang Guobiao
- **CAPITAL AND RISK MANAGEMENT STRATEGY**
  Adopt prudent capital and risk management through diligent and proactive management of operational, financial, investment and regulatory risks associated with the real estate investment business

INDICATIVE TIMETABLE

Opening date and time for the public offer	21 July 2016, 9.00 am
Closing date and time for the public offer	26 July 2016, 12 noon
Commencement of trading on the SGX-ST	28 July 2016, 2.00 pm

TABLE OF CONTENTS

NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters. If anyone provides you with different or inconsistent information, you should not rely upon it. Neither the delivery of this Prospectus nor any offer, subscription, placement, purchase sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the business affairs, conditions and prospects of EC World REIT, the Manager, the Trustee, the Units or the Sponsor since the date on the front cover of this Prospectus. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue a supplementary document or replacement document pursuant to Section 298 of the Securities and Futures Act and take immediate steps to comply with the said Section 298. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

Potential investors should note that the Sponsor and two of its subsidiaries (Hangzhou Fu Gang Supply Chain Co., Ltd and Hangzhou Fuyang Yunton E-Commerce Co., Ltd.) have entered into master lease agreements with the relevant PRC Property Companies for three of EC World REIT's properties, being the Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse. The term of each master lease is five years and the Sponsor will be providing a corporate guarantee for the master leases entered into by its subsidiaries. Based on the assumptions set out in the Prospectus, the annualised distribution yield and DPU is 7.1% and 3.34 Singapore cents respectively for Forecast Period 2016 and 7.3% and 5.94 Singapore cents respectively for Projection Year 2017. In the absence of the master leases, the annualised distribution yield and DPU is 5.8% and 2.75 Singapore cents respectively for Forecast Period 2016 and 6.3% and 5.11 Singapore cents respectively for Projection Year 2017. Upon the expiry or termination of the master leases, the Properties may not be able to generate a level of rental income which is comparable to the rental payable under the master leases. Please refer to the risk factors titled "EC World REIT is dependent on the master lessees of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse for rental payments." and "EC World REIT is subject to the risk of non-renewal, non-replacement or early termination of leases, and the loss of major tenants or a significant number of tenants of any of the Properties, or a downturn in the businesses of major tenants or a significant number of tenants, could have an adverse effect on the business, financial condition and results of operations of EC World REIT." in the "Risk Factors" section for further details.

None of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any purchaser or subscriber of Units regarding the legality of an investment by such purchaser or subscriber under appropriate legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this Prospectus as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in the Units.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours, from:

DBS Bank Ltd.	**Bank of China Limited, Singapore Branch**	**China International Capital Corporation (Singapore) Pte. Limited**	**Maybank Kim Eng Securities Pte. Ltd.**
12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982	4 Battery Road Bank of China Building Singapore 049908	6 Battery Road, #39-01 Singapore 049909	50 North Canal Road Singapore 059304

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: http://www.sgx.com.

The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the U.S. except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. The Units are being offered and sold only in offshore transactions as defined in and in accordance with Regulation S.

The distribution of this Prospectus and the offering, subscription, placement, purchase, sale or transfer of the Units in certain jurisdictions may be restricted by law. EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters. This Prospectus does not constitute, and the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels that might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the Listing Date, and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the Listing Date or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 31,100,500 Units, representing not more than 16.6% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,100,500 Units (representing not more than 16.6% of the total number of Units in the Offering) at the Offering Price. The exercise of the Over-Allotment Option will not increase the total number of Units outstanding.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute "forward-looking statements". This Prospectus also contains forward-looking financial information in "Profit Forecast and Profit Projection". Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of EC World REIT, the Manager, the Sponsor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager's present and future business strategies and the environment in which EC World REIT, the Manager or the Sponsor will operate in the future. Because these statements and financial information reflect the current views of the Manager and the Sponsor concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place any undue reliance on these forward-looking statements.

Among the important factors that could cause the actual results, performance or achievements of EC World REIT, the Manager or the Sponsor to differ materially from those in the forward-looking statements and financial information are the conditions of, and changes in, the domestic, regional and global economies, including, but not limited to, factors such as political, economic and social conditions in Singapore and the People's Republic of China (the "**PRC**" or "**China**"), changes in government laws and regulations affecting EC World REIT, competition in the property markets of Singapore and the PRC in which EC World REIT may invest, industry, currency exchange rates, interest rates, inflation, relations with service providers, relations with lenders, hostilities (including future terrorist attacks), the performance and reputation of EC World REIT's properties and/or acquisitions, difficulties in identifying future acquisitions, difficulty in completing and integrating acquisitions, changes in the Manager's directors and executive officers, risks related to natural disasters, general volatility of the capital markets, general risks relating to the property market in which EC World REIT may invest and the market price of the Units as well as other matters not yet known to the Manager or not currently considered material by the Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Profit Forecast and Profit Projection", and "Business and Properties". These forward-looking statements and financial information speak only as at the date of this Prospectus. The Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the expectations of the Manager or the Sponsor with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

EC World REIT will publish its financial statements in Singapore dollars. In this Prospectus, references to "S$" or "Singapore dollars and cents" are to the lawful currency of the Republic of Singapore, references to "RMB" or "Renminbi" are to the lawful currency of the PRC, and references to "US$", "US dollars" or "USD" are to the lawful currency of the United States. References to "the People's Republic of China", "the PRC" or "China" are, for the purposes of this Prospectus, to mainland China.

For the reader's convenience, except where the exchange rate is expressly stated otherwise, Renminbi amounts in this Prospectus have been translated into Singapore dollars based on the fixed exchange rate of S$1.00 = RMB4.88.

However, such translations should not be construed as representations that Renminbi amounts have been, could have been or could be converted into Singapore dollars at that or any other rate and *vice versa*.

(See "Exchange Rate Information" for further details.)

Unless otherwise defined, capitalised terms used in this Prospectus shall have the meanings set out in the Glossary.

Reference to "**acquisition of the Properties**" for the purposes of this Prospectus means EC World REIT's acquisition of the entire equity interest of the PRC Property Companies (as defined herein).

The forecast and projected distribution per unit ("**DPU**") yields are calculated based on the Offering Price. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

Any discrepancies in the tables, graphs and charts included in this Prospectus between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place unless otherwise indicated. Measurements in square metres ("**sq m**") are converted to square feet ("**sq ft**") and *vice versa* based on the conversion rate of 1 sq m = 10.7639 sq ft. References to "Appendix" or "Appendices" are to the appendices set out in this Prospectus. All references in this Prospectus to dates and times shall mean Singapore dates and times unless otherwise specified.

Unless otherwise specified, all information relating to the Properties (as defined herein) in this Prospectus are as at 31 December 2015. (See "Business and Properties" for details regarding the Properties.)

MARKET AND INDUSTRY INFORMATION

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. The Manager has commissioned Analysys Consulting Ltd. (the "**Independent Market Research Consultant**") to prepare the independent market research report (the "**Independent Market Research Report**"). (See Appendix E, "Independent Market Research Report" for further details.) While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein. Consequently, none of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters makes any representation as to the accuracy or completeness of such information, and each of them shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

The Trustee and the Manager have respectively appointed Colliers International (Hong Kong) Limited ("**Colliers**") and Savills Valuation and Professional Services Limited ("**Savills**") as the independent valuers of the Properties (the "**Independent Valuers**").

(See Appendix D, "Independent Property Valuation Summary Reports" for further details.)

References to the Independent Valuers in this Prospectus are in respect of the statements and opinions expressed by the Independent Valuers in the Independent Property Valuation Summary Reports (set out in Appendix D of this Prospectus) and/or their valuation reports (which are available for inspection at the registered office of the Manager).

This page has been intentionally left blank.

OVERVIEW

*The following section is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Prospectus. The meanings of terms not defined in this section can be found in the Glossary or in the trust deed constituting EC World REIT dated 5 August 2015 (and as may be amended, varied or supplemented from time to time) (the "**Trust Deed**"). A copy of the Trust Deed can be inspected at the registered office of the Manager, which is located at 8 Shenton Way, #37-03, AXA Tower, Singapore 068811 (prior appointment would be appreciated).*

Statements contained in this section that are not historical facts may be forward-looking statements or are historical statements reconstituted on a pro forma basis. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause actual results of EC World REIT to differ materially from the forecast or projected results of EC World REIT (See "Forward-Looking Statements" for further details). Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this section, but to read this Prospectus in its entirety and, in particular, the sections from which the information in this section is extracted and "Risk Factors" to better understand the Offering and EC World REIT's businesses and risks.

OVERVIEW OF EC WORLD REIT

EC World REIT is a Singapore real estate investment trust ("**REIT**") 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 on the People's Republic of China ("**PRC**"). (See "Strategy" for further details.)

Key Objectives

The Manager's key financial objectives are to provide unitholders of EC World REIT ("**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 DPU and net asset value ("**NAV**") per Unit, while maintaining an appropriate capital structure for EC World REIT.

IPO Portfolio

The initial portfolio of EC World REIT (the "**IPO Portfolio**") will comprise six properties located in Hangzhou, the PRC, with an aggregate net lettable area ("**Net Lettable Area**" or "**NLA**") of 698,478 sq m as at 31 December 2015 and a total appraised value of approximately RMB6,357 million (equivalent to approximately S$1,303 million) as at 31 December 2015. The IPO Portfolio consists of the following properties:

- **Chongxian Port Investment (崇贤港投资)**

  Chongxian Port Investment is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. It is one of the key inland port operations in the PRC, being part of an inland port in Hangzhou known as Chongxian Port. Chongxian Port is the largest inland port in Hangzhou in terms of the total number of berths

and the scale of annual throughput, and Chongxian Port Investment has been ranked as one of the top inland ports in Hangzhou for the transportation of steel products.[1] It is a large and comprehensive logistics complex that integrates, *inter alia,* port operation, storage processing and logistics distribution for steel products. Chongxian Port Investment has a total NLA of approximately 112,726 sq m and a remaining lease tenure of approximately 40 years. Chongxian Port Investment is owned by Hangzhou Chongxian Port Investment Co., Ltd. (杭州崇贤港投资有限公司);

- **Chongxian Port Logistics (崇贤港物流)**

  Chongxian Port Logistics is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. It is an integrated complex with warehouses and office buildings which support the operations of Chongxian Port Investment, and is one of the largest metal warehouse and logistics developments in the Yangtze River Delta[2]. Chongxian Port Logistics has a total NLA of approximately 125,856 sq m. The first and second complexes comprising Chongxian Port Logistics have remaining lease tenures of 40 and 45 years respectively. Chongxian Port Logistics is owned by Hangzhou Chongxian Port Logistics Co., Ltd. (杭州崇贤港物流有限公司);

- **Fu Zhuo Industrial (富卓实业)**

  Fu Zhuo Industrial is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. It has a total NLA of approximately 7,128 sq m and a remaining lease tenure of approximately 40 years. Fu Zhuo Industrial is owned by Hangzhou Fu Zhuo Industrial Co., Ltd. (杭州富卓实业有限公司);

- **The Stage 1 Properties of Bei Gang Logistics (北港物流一期)**

  Bei Gang Logistics is located in the west of Chongxian New City, north of Hangzhou and comprises the Stage 1 Properties and the Stage 2 Properties. It is one of the largest e-commerce developments in the Yangtze River Delta.[3] The Stage 1 Properties are part of the IPO Portfolio, and Hangzhou Bei Gang Logistics Co., Ltd. has a call option to acquire the right of use and economic benefits of the Stage 2 Properties (which comprises Buildings No. 9 to No. 17). The Stage 1 Properties comprise eight buildings (Buildings No. 1 to No. 8). Building No. 1 is a 15-storey building, Building No. 2 is a four-storey building, and Buildings No. 3 to No. 8 are five-storey buildings. The Stage 1 Properties are divided by themes and the tenant allocation for each building is based on the theme of the building. For example, Buildings No. 7 and No. 8 focus on the aggregation and procurement of toys, and Building No. 4 focuses on cross-border e-commerce businesses. The Stage 1 Properties have a total NLA of approximately 120,449 sq m and a remaining lease tenure of approximately 37 years. Bei Gang Logistics is owned by Hangzhou Bei Gang Logistics Co., Ltd. (杭州北港物流有限公司);

- **Fu Heng Warehouse (富恒仓储)**

  Fu Heng Warehouse is located at Min Lian village in Dongzhou Industrial Park, Fuyang District, Hangzhou City. The Property comprises two four-storey buildings housing e-commerce merchant offices, online-to-offline ("**O2O**") businesses, retail outlets, and

1 Source: independent property valuation of Chongxian Port Investment by Colliers.

2 Source: independent property valuation of Chongxian Port Logistics by Colliers.

3 Source: independent property valuation of the Stage 1 Properties of Bei Gang Logistics by Colliers.

warehouse space. Fu Heng Warehouse serves as a full capability e-commerce centre with its integrated and highly developed system of storage and warehousing, inventory control, pick-and-pack services and express delivery capabilities. It has a total NLA of approximately 94,287 sq m and a remaining lease tenure of approximately 44 years. Fu Heng Warehouse is owned by Hangzhou Fu Heng Warehouse Co., Ltd. (杭州富恒仓储有限公司); and

- **Hengde Logistics (恒德物流)**

  Hengde Logistics is located at Min Lian village in Dongzhou Industrial Park, Fuyang District, Hangzhou City. The Property comprises two high-specification warehouses with the capability to store temperature and humidity sensitive goods and products, such as tobacco, wines, cosmetics and perishables. The Property is currently substantially-leased to China Tobacco Zhejiang Industrial Co., Ltd. (浙江中烟工业有限责任公司). The first complex of the Property comprises six five-storey blocks and a six storey block, while the second complex of the Property comprises two five-storey blocks and one three-storey block. Hengde Logistics has its own power generator onsite with an isolated power grid to reduce any risks of electrical blackouts affecting the buildings. The two complexes are also equipped with cargo lifts which are spacious and capable of accommodating forklifts. In addition, there are containment areas and docking bays which facilitate efficient and effective loading and unloading of goods for transportation. Hengde Logistics has a total NLA of approximately 238,032 sq m. The remaining lease tenures of the first complex and the second complex are 38 and 44 years respectively. Hengde Logistics is owned by Zhejiang Hengde Sangpu Logistics Co., Ltd. (浙江恒德桑普物流有限公司),

(together, the "**Properties**").

(See "Business and Properties" for further details.)

KEY INVESTMENT HIGHLIGHTS

EC World REIT is the first Chinese specialised logistics and e-commerce logistics real estate investment trust to be listed on the SGX-ST.

The Manager believes that an investment in EC World REIT offers the following attractions to Unitholders:

(1) Unique exposure to the logistics and e-commerce sectors in Hangzhou

(a) Hangzhou is one of the largest e-commerce hubs in China and has market coverage over Zhejiang Province

(b) Hangzhou is one of the most important steel transportation hubs along the Beijing-Hangzhou Grand Canal

(c) Strong growth potential of the Chinese logistics and e-commerce infrastructure market

(2) Diversified portfolio of quality assets which offers unique mix of stable income, growth potential and synergistic benefits

(a) Diversified portfolio of quality assets comprising port, warehouse and e-commerce infrastructure offers a good mix of stable income and good growth potential

(b) Synergistic benefits within portfolio of quality assets which are mostly located in one of the largest e-commerce clusters in the Yangtze River Delta

(c) Diversified and reputable tenant base which ensures a stable income stream

(3) Strong, reputable and committed Sponsor with extensive networks and experience in the e-commerce and logistics sector

(a) The Sponsor is an established operator of e-commerce and logistics properties in China[1]

(b) Alignment of interest between the Sponsor and the Unitholders

(4) Opportunities for growth through asset enhancement initiatives and strategic acquisition growth

(a) Strategic acquisition growth

(b) Asset enhancement initiatives

(c) Opportunities to leverage on the market cycle of China's real estate sector

(5) Experienced and professional REIT management and property management teams

(a) Experienced Board and management team with proven track record[2]

(b) Professional property management team with experience in managing e-commerce and logistics assets

(c) Management fee structure based on distributable income and DPU growth which demonstrates the Manager's alignment of interest with Unitholders

(6) Stable distributions with growth potential

(a) Stable and growing distributions

(b) Downside protection with master lease arrangements for certain Properties in the IPO Portfolio

Details of the key investment highlights are set out below.

(1) Unique exposure to the logistics and e-commerce sectors in Hangzhou

(a) Hangzhou is one of the largest e-commerce hubs in China and has market coverage over Zhejiang Province

Hangzhou is the capital and the largest city of the Zhejiang Province in Eastern China, and it enjoys a market catchment covering Shanghai, Ningbo, Jinhua and Yiwu, which are among the most active Chinese cities in e-commerce. Many Chinese e-commerce companies are headquartered in Hangzhou, including the Alibaba Group, which is the world's largest online business-to-business ("**B2B**") and business-to-customer ("**B2C**") portal. E-commerce enterprises such as Baidu, Jingdong (JD.com) and Tencent, have also set up their regional bases in the city. According to the Independent Market Research Consultant, the China

1 Please refer to "The Sponsor" for further details on the Sponsor's experience in the e-commerce and logistics property sector in China.

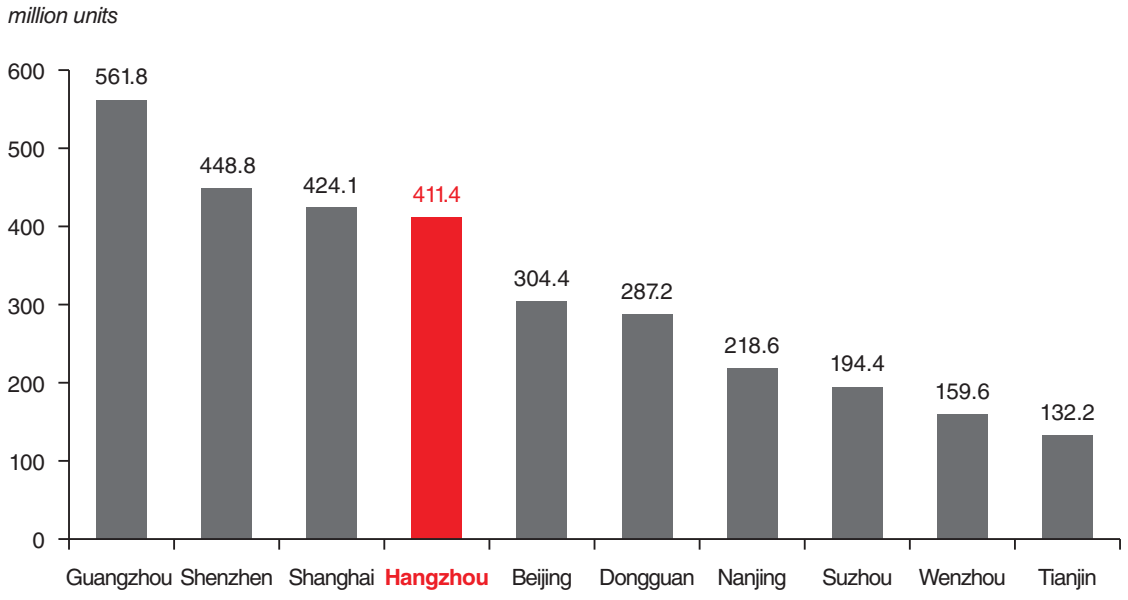
2 Please refer to "The Manager and Corporate Governance – The Manager of EC World REIT – Board of Directors of the Manager – Experience and Expertise of the Board of Directors" and "– Executive Officers of the Manager – Experience and Expertise of the Executive Officers of the Manager" for further details on the experience and track record of the Board and the management team of the Manager.

e-commerce industry has developed significantly over the years, riding on the back of strong government support. There are currently more than 470,000 online business entities in Hangzhou according to Colliers, and Zhejiang Province itself is the top online industrial belt in China.

In March 2015, the State Council of the PRC (the "**State Council**") approved the set-up of the China (Hangzhou) Cross-border E-commerce Pilot Zone in Hangzhou, with special concessions around taxation policy and the broadening of merchandise categories.[1] This pilot zone is currently home to many e-commerce platforms, such as Tmall.com, SFHT.com, JD Worldwide and yintai.com, which offer many categories of e-commerce products.[2] According to Colliers, the Hangzhou e-commerce market will continue to be the top demand driver for the logistics industry.

The Manager believes that EC World REIT, with its current focus on e-commerce and logistics assets in Hangzhou, is well-positioned to ride on the fast growing Chinese e-commerce industry in one of the most prosperous regions in China.

Top 10 Chinese Cities for Express Delivery Volume Growth in 2015



Source: Independent Market Research Report.

1 The State Council's written reply to the application from Zhejiang Province and the Ministry of Commerce to set up a pilot zone for overseas e-commerce in Hangzhou (国务院关于同意设立中国(杭州) 跨境 电子商务综合试验区的批复) dated 7 March 2015.

2 The State Council has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the website published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the website published by the State Council is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information. Information obtained from the website of China (Hangzhou) Cross-border E-Commerce Comprehensive Pilot Area (the "**Comprehensive Pilot Area**") (Source: http://www.china-hzgec.gov.cn/compreservice/serviceindex.shtml (last accessed on 29 June 2016)).

According to Colliers, the Yangtze River Delta region, which contains three major localities including Shanghai City, Zhejiang Province and Jiangsu Province, is considered the cradle of the e-commerce market. According to Colliers, the total sales from the e-commerce market in the Yangtze River Delta region contributed over one-third of the total amount of e-commerce sales in China in 2015.

EC World REIT, with a market coverage which includes Shanghai, Ningbo, Jinhua and Yiwu, stands to benefit significantly through the location of its Properties in the Zhejiang Province and exposure to the rapid growth of e-commerce in the Yangtze River Delta region.

(b) Hangzhou is one of the most important steel transportation hubs along the Beijing-Hangzhou Grand Canal

According to the Independent Market Research Consultant, the Beijing-Hangzhou Grand Canal is one of the water routes connecting the northern and southern parts of China. It is also one of the oldest and longest man-made waterways in the world. Starting at Beijing, it passes through Tianjin and the provinces of Hebei, Shandong, Jiangsu and Zhejiang to the city of Hangzhou, linking the Yellow River and Yangtze River. In June 2014, the Beijing-Hangzhou Grand Canal was designated as a UNESCO World Heritage Site. Major ports along the Beijing-Hangzhou Grand Canal include the ports at Tianjin, Linqing, Jining, Tengzhou, Xuzhou, Huai'an, Yangzhou, Zhenjiang, Suzhou and Hangzhou.

Although the Beijing-Hangzhou Grand Canal stretches for only about 100 km in Zhejiang Province, it is an important transport channel for Zhejiang's economy as it plays the role of transporting coal, oil, food, steel and building materials from north China to Zhejiang Province. According to Colliers, the local government had forecast that the volume of goods transported through the Beijing-Hangzhou Grand Canal at Zhejiang will increase from about 108 million tonnes in 2015 to 175 million tonnes in 2035. However, the current transport capacity of the Beijing-Hangzhou Grand Canal at Zhejiang is operating below the market demand because it can only accommodate ships up to a maximum capacity of 300-tonnes. According to the Hangzhou government, there are plans to construct a second waterway at the Beijing-Hangzhou Grand Canal. The construction will take about five years and upon completion it will increase the transport capacity for ships from 300-tonnes to 1,000-tonnes at the Zhejiang part of the Beijing-Hangzhou Grand Canal. The second channel will connect the waterway systems in northern China including the Qiantang River and major cities in the Hangzhou Bay Region, such as Jiaxing, Ningbo, Shaoxing and Hangzhou. By then, Hangzhou is expected to become the logistics distribution centre of Zhejiang Province and eastern China.[1]

---

1 Information obtained from the website of the Hangzhou Transport Bureau ("**HTB**") (杭州市交通运输局) (Source: http://www.hzcb.gov.cn/root/dzzw/xxgk/xxgk_document.asp?docid=19544 (last accessed on 29 June 2016)). HTB has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by the HTB is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

(c) Strong growth potential of the Chinese logistics and e-commerce infrastructure market

Rapid growth of the Chinese e-commerce market which drives demand for e-commerce infrastructure

Underpinned by the increasing internet usage penetration in China and the increased spending power of middle-income families, the Chinese e-commerce market has been expanding rapidly. Colliers reported that according to the data published by the National Statistics Bureau of China, the online retail sales totalled approximately RMB3.88 trillion in 2015, which was nearly five times of the number in 2011 and accounted for approximately 12.9% of the total retail sales of consumer goods in China. It is expected that in 2018, the total amount from online retailing is expected to achieve more than RMB7.5 trillion, and its proportion of the total retail sales will increase to about 20.0%. With strong policy support from the Central Government, the growth of the Chinese e-commerce market is expected to remain buoyant in the foreseeable future.

Shortage of quality logistics facilities in the PRC to support the growth of the Chinese e-commerce industry

Good logistics support is fundamental to ensuring the smooth operations of e-commerce, and logistics accounts for approximately 3.0% to 5.0% of the margin from e-commerce businesses as reported by Colliers. According to Colliers, aided by the growth of the Chinese e-commerce industry, the development of the Chinese logistics property sector has advanced as e-commerce requires the support of high quality warehouse space for merchandise storage and distribution. Colliers also reported that the overall national average rent for quality warehouses[1] has risen for 18 consecutive quarters due to the shortage in supply of quality warehousing and logistics facilities.

Favourable government policies which encourage the growth of the Chinese e-commerce industry

Demand for logistics properties which complement and support the Chinese e-commerce industry is expected to continue to benefit from specific and proactive government policies and initiatives. Such policies and initiatives include "The Internet Plus 互联网+" action plan announced by the Premier of the State Council, Li Keqiang in March 2015, "The Master Plan of Medium and Long-term Development of Logistics Industry" in 2014 (which establishes the tone for developing a favourable environment for growth in the logistics industry) and the implementation of the "One Belt One Road" initiative in 2013.

Supported by favourable policies and incentives, traditional manufacturers including state-owned enterprises have been encouraged to enter the e-commerce sector, thereby signifying increased investment in the e-commerce sector. Youths have also been encouraged to begin or re-start their careers in e-commerce. (See Appendix E, "Independent Market Research Report" for further details.)

---

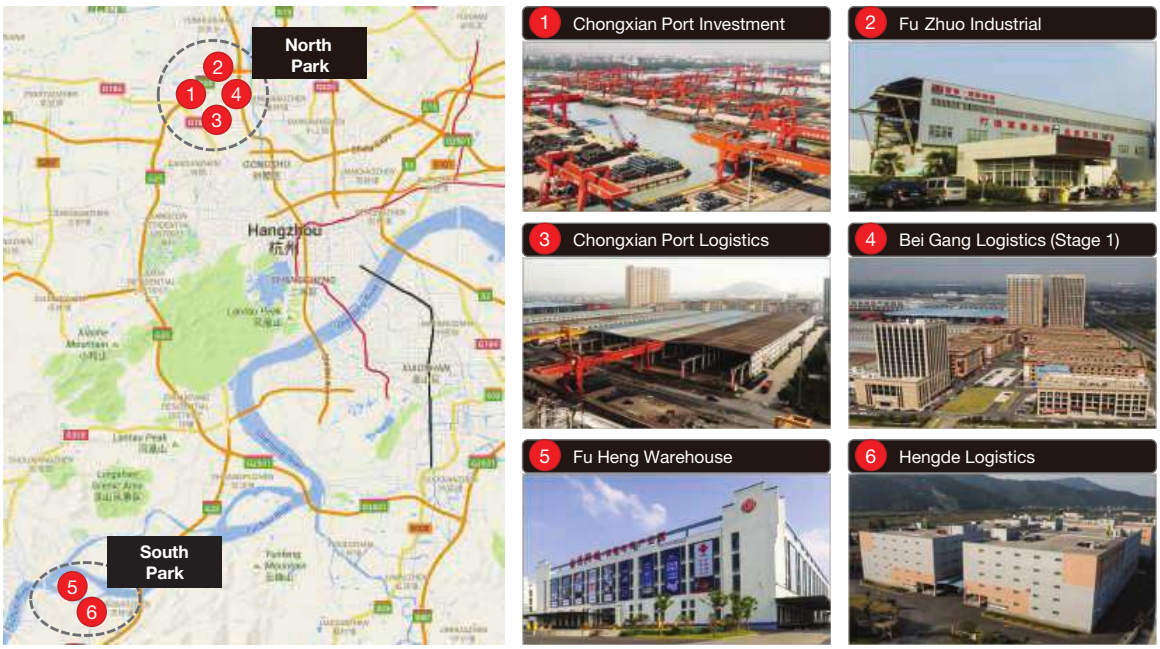
1 Quality warehouses refer to those purpose-designed and purpose-built warehouses which are in line with professional standards.

(2) Diversified portfolio of quality assets which offers unique mix of stable income, growth potential and synergistic benefits

(a) Diversified portfolio of quality assets comprising port, warehouse and e-commerce infrastructure offers a good mix of stable income and good growth potential

The IPO Portfolio comprises six quality properties which are strategically located in Hangzhou. The Manager believes that these properties are of high quality due to various factors such as their location, rarity, building specifications and condition, and the amenities offered.

Chongxian Port Investment is one of the key and established inland ports in China, and it provides diversification and stability to the IPO Portfolio, as well as good growth potential through its B2B platform. Chongxian Port Logistics, which is located next to Chongxian Port Investment and is one of the largest metal warehouses and logistics developments in the Yangtze River Delta, offers income stability to the IPO Portfolio. Fu Zhuo Industrial which comprises berths and office buildings is also located next to Chongxian Port Investment. The Stage 1 Properties of Bei Gang Logistics, which is an integrated e-commerce asset located in an e-commerce cluster close to Chongxian Port Investment and Chongxian Port Logistics, is expected to command good and growing rental rates as the tenants stand to benefit from advanced systems installed in the facilities as well as services provided by and synergy derived from the fast growing e-commerce eco-system within the e-commerce clusters. This e-commerce eco-system comprises activities ranging from business venture incubation, online trading activities (B2B and B2C), warehousing and logistics services and various professional and intermediary services. Fu Heng Warehouse, which is another integrated e-commerce asset located in an e-commerce cluster in the south of Hangzhou, is also expected to provide good growth potential for the IPO Portfolio as the e-commerce eco-system in the south of Hangzhou matures. Hengde Logistics, which comprises two high-specification warehouses, offers stable income with rental growth potential.



Source: The Manager.

Chongxian Port Investment (崇贤港投资)

Chongxian Port Investment is one of the key inland ports in the PRC. It is the port component of EC World (运通网城) Hangzhou project, which is one of the largest e-commerce commercial complexes in the Yangtze River Delta, as well as a key project in the Zhejiang

Province. It is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. Chongxian Port Investment has been ranked as the top inland port in Hangzhou since 2011 for the transportation of steel products, with a market share of more than 50.0% in 2015[1]. The Manager expects the market share to continue to grow on the back of a limited number of inland ports in Hangzhou, and following the adoption of B2B platform in the Property and the setting up of offices by over 50 steel trading corporations in the adjacent Chongxian Port Logistics as at 31 December 2015.

Hangzhou Chongxian Port Investment Co., Ltd., which owns Chongxian Port Investment, was accredited in 2015 as a "Level 5A Logistic Enterprise (5A 级物流企业)" by the China Federation of Logistics & Purchasing (中国物流与采购联合会) ("**CFLP**").[2]

According to Colliers, new developments on par with Chongxian Port Investment are increasingly scarce, as the development of inland ports at the suburb of downtown Hangzhou for the transportation of bulk materials will be limited following the designation of the Beijing-Hangzhou Grand Canal as a UNESCO World Heritage Site in June 2014. Given the lack of comparable properties in the region, Chongxian Port Investment will have a unique competitive advantage based on its size, facilities and location. With Hangzhou being one of the most important steel transportation hubs along the Beijing-Hangzhou Grand Canal, Chongxian Port Investment is expected to experience an increase in demand for its port facilities and enjoy a competitive rental rate. In addition, the closure of local steel mills of Hangzhou Iron and Steel Group Company is expected to increase demand for port facilities as more steel products have to be shipped into Hangzhou through the ports. Adding to the tight supply situation for the usage of the port facilities in Hangzhou, the local government has recently imposed more restrictions on land supply for port use. Therefore, Chongxian Port Investment is expected to enjoy more bargaining power in setting the rental of its port facilities space in the future.

The Manager believes that another factor which may enhance the value of Chongxian Port Investment is the increasing use of the online B2B platform[3] in the trading of steel products, which allows manufacturers, traders and buyers to reduce turnaround time and increase their inventory turnover of steel products. This improvement in efficiency has led to a steady increase in the throughput of steel products handled by the port facilities at Chongxian Port Investment. For instance, Hangzhou Fu Gang Supply Chain Co., Ltd., which leases space at Chongxian Port Investment and Chongxian Port Logistics, provides supply-chain management, warehousing, logistics and related services for the online B2B platform for

---

1 Based on the statistics of Hangzhou Steel Trading Association (杭州钢铁贸易行业协会). The Hangzhou Steel Trading Association not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by the Hangzhou Steel Trading Association is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2 The CFLP is the social organisation of the logistics industry in China, which was established in Beijing and approved by the State Council. The grade A accreditation is determined by the CFLP according to the national standards of the "Logistics Enterprise Classification and Evaluation Indicators" (物流企业分类与评估指标) where a Level 5A accreditation is the highest assessment, signifying the logistics enterprise's position as a starting reference for all government levels to make and implement policies and measures to support the development of the logistics industry. Having received this accreditation, Hangzhou Chongxian Port Investment Co., Ltd. will stand to enjoy preferential treatment from various levels of the Zhejiang Government in its usage of water and land, its project investments and taxation.

3 Examples of online steel trading marketplaces in the PRC include banksteel.com (钢银), SteelGt.com (斯迪尔) and zhaogang.com (找钢网).

steel products. The Manager believes that this trend may continue in the medium term and presents another opportunity for Chongxian Port Investment to set higher rental rates for its port facilities.

Fu Zhuo Industrial (富卓实业)

Fu Zhuo Industrial is one of the ports in Yuhang Area and comprises two berths, a sand and stone warehouse, a repair workshop, a storage yard and a two-storey office building. According to Colliers, due to its favourable location and berth quality, Fu Zhuo Industrial is able to command rents which are higher than market rate. Furthermore, as reported by Colliers, the Yuhang area has received increasing attention from the local government, and is likely to become one of the main transportation hubs along the Beijing-Hangzhou Grand Canal for the shipping of steel, coal, sand, containerised goods and hazardous materials.

Chongxian Port Logistics (崇贤港物流)

Chongxian Port Logistics is an integrated complex with warehouses and office buildings which support the operations of Chongxian Port Investment. It has been operational since 2011. Chongxian Port Logistics is one of the largest metal warehouses and logistics developments in the Yangtze River Delta. It is built to meet special requirements for metal storage with enhanced bearing capacity and it is equipped with cranes to provide convenient transfer of heavy cargoes. Chongxian Port Logistics stands out due to its scale and customised equipment and facilities. There is currently no other project in the area that offers warehouses with similar size and quality. Therefore, Chongxian Port Logistics is expected to hold some bargaining power in setting the rental for its warehouse space.

Stage 1 Properties of Bei Gang Logistics (北港物流一期)

Stage 1 Properties of Bei Gang Logistics comprises eight buildings, offering e-commerce-related services, logistics, trade and exhibition, O2O office, talent training and financial services. Demand for such facilities is expected to grow in line with the expected expansion of B2B and B2C e-commerce businesses in China, especially in the Zhejiang Province. Advanced logistics management systems and equipment installed in the facilities, coupled with the synergy derived from the eco-system of e-commerce service providers, will add value to its tenants and provide opportunities for rental growth in the medium term. The National Development and Reform Commission (the "**NDRC**") has granted accreditation to Hangzhou Beigang Logistics Co., Ltd. under the National Key Logistics Project 2015 (国家2015 重大物流工程).

Fu Heng Warehouse (富恒仓储)

Fu Heng Warehouse serves as a full capability e-commerce distribution centre and comprises two four-storey buildings with multiple functions including warehousing, third party logistics, parcel producing and sorting, e-commerce business offices and O2O product showrooms and exhibitions. Fu Heng Warehouse is located in the Fuyang District, strategically located between Yiwu and the port city of Ningbo. As reported by Colliers, in recent years, the Fuyang Municipal People's Government has actively supported the development of e-commerce industry in Fuyang District with the planned implementation of measures to attract renowned e-commerce companies to the Fuyang District, providing economic incentives and attracting talent from places such as Yiwu, which is a well-known trading centre for small commodities and also a growing e-commerce hub. According to Colliers, the Statistics Bureau of Fuyang District had reported a steady growing trend in the total retail sales of consumer goods in Fuyang District, with an average year-on-year growth rate of approximately 17.0% for the past seven years.

Hengde Logistics (恒德物流)

Hengde Logistics is a large-scale logistics development which is currently substantially-leased to a reputable tenant, China Tobacco Zhejiang Industrial Co., Ltd., for the purpose of tobacco leaves storage in a controlled environment.

Hengde Logistics was built to meet specific requirements of high value goods such as tobacco, wine, and cosmetics, and it provides a dust-free environment equipped with temperature and humidity control systems and an automatic sprinkler system. Hengde Logistics is also equipped with elevators with load capacity of seven tonnes which are able to carry forklifts. Hengde Logistics is unique due to its specialised equipment and facilities, and the Manager expects limited competition for similar properties in the region, especially in the market for fast-growing imported consumer goods in Hangzhou and the Zhejiang Province.

(b) Synergistic benefits within portfolio of quality assets which are mostly located in one of the largest e-commerce clusters in the Yangtze River Delta

Four of the Properties in the IPO Portfolio, namely Chongxian Port Investment, Chongxian Port Logistics, Fu Zhuo Industrial and Stage 1 of Bei Gang Logistics, are located in close proximity to one another in Chongxian New City, north of Hangzhou, near the Beijing-Hangzhou Grand Canal. The northern cluster can be broadly divided into (i) a logistics, warehouse and processing zone, (ii) a port zone and (iii) an integrated e-commerce services zone.

The logistics, warehouse and processing zone has many businesses which offer integrated order handling and packaging services for e-commerce clients. Ruyicang (如意仓), an integrated smart warehousing and third-party logistics services platform launched by the Sponsor, is an example of such a business.

Chongxian Port, being the port zone which includes Chongxian Port Investment and Chongxian Port Logistics, was designated as the delivery warehouse for specific steel products by Shanghai Futures Exchange in 2009. Chongxian Port has 23 berths and handled over 6.0 million tonnes throughput in 2015. With the logistics, warehouse and processing zone in close proximity, Chongxian Port is expected to experience continued improvements in its throughput and operating efficiency.

The e-commerce services zone was delineated to establish a comprehensive e-commerce eco-system that includes e-commerce warehousing and logistics facilities, entrepreneurship and innovation incubators, e-commerce business offices, O2O exhibitions, photography studios, registration agents, talent training, financial services, food and beverage outlets, retail outlets and other e-commerce support activities. The Young Entrepreneurs Park (青创园), which is a platform for young entrepreneurs to launch e-commerce-related businesses, is also located in the e-commerce services zone within the northern cluster.

Source: The Manager.

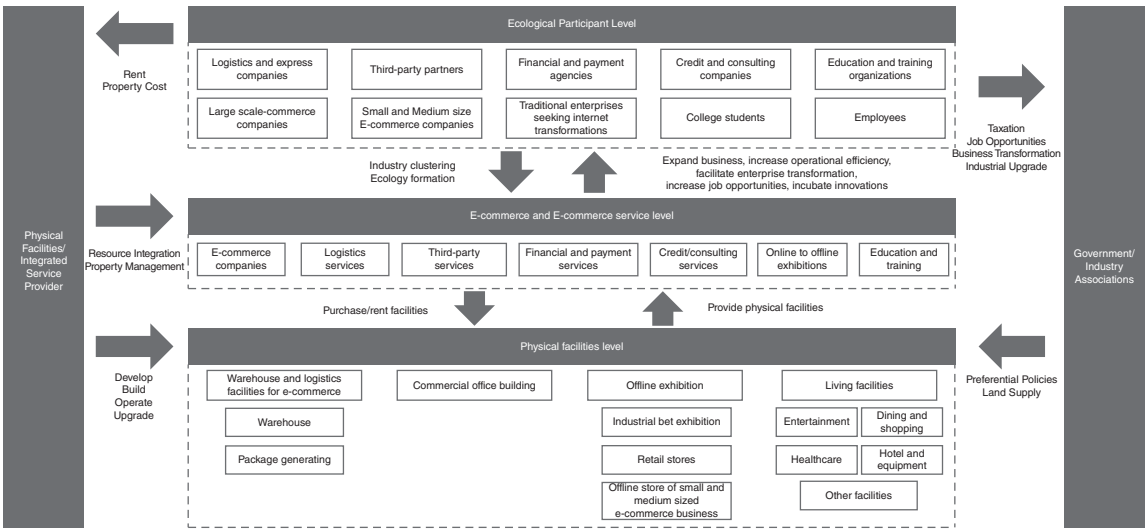
The Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse are located within an integrated e-commerce industry cluster in the north and south of Hangzhou, respectively. The integrated e-commerce industry clusters comprise high-quality purpose-built infrastructures and supporting facilities, where e-commerce goods are warehoused and distributed, and e-commerce communities congregate and trade. According to the Independent Market Research Consultant, these industry clusters are well-positioned to attract high quality enterprises which are willing to pay higher rent for spaces within such clusters for the following reasons:

(1) the tenants benefit from the sharing of resources, information, knowledge and policies within the cluster;

(2) the tenants enjoy reduced administrative expenses, labour cost and warehousing and logistics cost;

(3) the tenants enjoy greater operational flexibility and distribution efficiencies through better access to various resources which are complementary to their businesses; and

(4) such clusters typically offer a full suite of services which help e-commerce start-ups to better address their operational risks.



Source: Independent Market Research Report.

The Manager believes that the synergy from Bei Gang Logistics and Fu Heng Warehouse will be enhanced in future as these purpose-built e-commerce facilities mature. It is envisaged that the congregation of e-commerce communities within the purpose-built facilities of the IPO Portfolio will enable the healthy evolution of the eco-system of e-commerce businesses and add value to the tenants.

(c) Diversified and reputable tenant base which ensures a stable income stream

Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse are master leased to the Sponsor and its subsidiaries, while the remaining three Properties are not under any master lease arrangement. In this regard, the tenants of the IPO Portfolio can be classified into six broad categories:

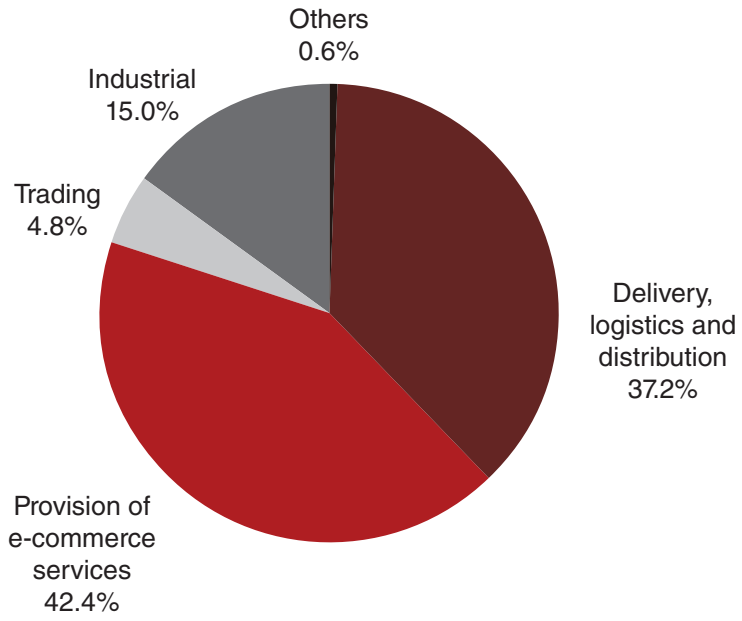
- delivery, logistics and distribution (such as port operators, warehouse operators and tenants and third party logistics providers);
- provision of e-commerce services (such as B2B and B2C online operators, O2O showrooms, intermediary service providers, start-up incubators);
- industrial (such as state-owned tobacco company, steel product manufacturers and traders);
- trading; and
- others (including conglomerates[1], telecommunication, transport services and real estate).

The following chart provides a breakdown of the IPO Portfolio by Gross Rental Income (as defined herein) contribution from the different trade sectors of the tenants for the month of December 2015[2].

1 "**Conglomerates**" refers to large business organisations with diversified businesses.

2 This assumes that the Master Leases for Chongxian Port Investment and Fu Heng Warehouse are in place. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015.

Breakdown of Gross Rental Income by Trade Sector for month of December 2015



The mix of the tenant trade sectors ensures diversification in rental income contribution to the IPO Portfolio, with the top three sectors contributing 42.4%, 37.2% and 15.0% of the IPO Portfolio's Gross Rental Income for the month of December 2015.

The weighted average lease expiry ("**WALE**") by committed NLA of the IPO Portfolio is 4.1 years as at 31 December 2015, and the WALE by Gross Rental Income for the month of December 2015 is 4.6 years (assuming all the Master Leases are in place). In addition to the diversified tenant base, the mix of leases with different lease terms also helps to maintain the IPO Portfolio's rental stability. The longer leases (including the Master Leases) provide a stable source of income for EC World REIT. In particular, the master leases for the e-commerce Properties (Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse) will lend stability to EC World REIT's source of income as the leases for e-commerce tenants are shorter and the newly built facilities take time to mature. However, such shorter leases for the e-commerce tenants may also allow EC World REIT to benefit from the anticipated growth of the Chinese e-commerce industry in the future after the relevant master leases for the e-commerce Properties expire. EC World REIT's ability to receive stable rents from the long-term leases for the warehouses and port facilities and the master leases for the e-commerce Properties shall allow it to achieve steady growth in distributable income.

The reputable tenants of the IPO Portfolio include large state-owned enterprises such as China Tobacco Zhejiang Industrial Co., Ltd. and China Post Express Logistics Co., Ltd., Zhejiang SF Express Co., Ltd. (which is an established player in the express delivery sector in China), and Shanghai Yimin E-commerce Co., Ltd. (a subsidiary of Shanghai Yimin Commerce Group Co., Ltd., a public company listed on the Shanghai Stock Exchange).

(3) Strong, reputable and committed Sponsor with extensive networks and experience in the e-commerce and logistics sectors

(a) The Sponsor is an established operator of e-commerce and logistics properties in China

The Sponsor, Forchn Holdings Group Co., Ltd., has its headquarters in Shanghai, and it is an established operator of port facilities and other logistics properties in China with over 20 years of experience. The Chongxian Port facility (杭州崇贤港), which was constructed and operated by the Sponsor, has been recognised as a key project by the PRC Government at both provincial and national levels. The Sponsor, through its partnership with Fosun Group (复星集团), has also established its presence in the area of property management.

In recent years, the Sponsor has adopted a unique integrated e-commerce business model that enhances the competitive advantages of its industrial, warehousing and port logistics properties. The Sponsor has also acquired know-how in the B2B and B2C e-commerce models, and integrated solutions of warehousing and logistics service tailored for e-commerce, thereby enabling it to efficiently cater for commercial transactions with businesses (B2B) as well as end-consumers (B2C).

The Sponsor was one of the founding members of the joint venture known as Cainiao Network Technology Co., Ltd. (菜鸟网络科技有限公司) which was formed by the Alibaba Group, Intime Retail (Group) Company Ltd. (银泰集团), Fosun Group, Forchn Holdings Group Co., Ltd. and five other logistics companies (SF Express (顺丰速运), STO Express (申通快递), ZTO Express (中通速递), YTO Express (圆通速递) and YunDa Express (韵达快递)). Cainiao Network Technology Co., Ltd. operates the China Smart Logistics Network (中国智能物流骨干网), which was established to help transform China's logistics infrastructure through the creation of an open, transparent and shared data platform to serve e-commerce businesses, logistics companies, warehouse companies, third party logistics service providers and supply chain managers in China.

The Sponsor has an established presence in the e-commerce logistics sector through Ruyicang, its integrated smart warehousing and third-party logistics services platform. EC World REIT stands to benefit from the Sponsor's diversified businesses, market reach, industrial knowledge and business networks in the port, logistics and fast-growing e-commerce sectors.

(See "The Sponsor" for further details.)

(b) Alignment of interest between the Sponsor and the Unitholders

The Sponsor is committed to supporting and growing EC World REIT over the long-term. The Sponsor will, immediately following the completion of the Offering, be the largest Unitholder, holding an aggregate of 45.0% of the total number of Units expected to be in issue (assuming the Over-Allotment Option is not exercised) or 41.0% of the total number of Units expected to be in issue (assuming the Over-Allotment Option is exercised in full), demonstrating its alignment of interest with Unitholders.

(4) Opportunities for growth through strategic acquisitions and asset enhancement initiatives

(a) Strategic acquisition growth

EC World REIT is well-positioned to leverage on the Sponsor's business networks and relationships in the PRC to identify and pursue opportunities for acquisitions of e-commerce properties that provide attractive cash flows and yields relative to its weighted average cost of capital, enhance the diversification of the portfolio by geography, asset and tenant, and optimise risk-adjusted returns to Unitholders.

The Sponsor is an experienced player in the mergers and acquisitions market, having made considerable success in the acquisition of Hangzhou Zhangxiaoquan Group Co., Ltd. and Hangzhou Jiaqi Building Materials Co., Ltd. and the enhancement of their business operations. Hangzhou Zhangxiaoquan Group Co., Ltd. manufactures cutlery products under the China-renowned trademark of "Zhang Xiao Quan 张小泉" (which has been established since 1628), with a business focus on scissors, cutters, tableware and other metal products. Hangzhou Jiaqi Building Materials Co., Ltd. manufactures building materials, with a business focus on energy-efficient and environmentally-friendly building materials (such as aerated materials) and integrated building systems. (See "The Sponsor" for further details.)

In addition, the Sponsor has granted a right of first refusal to EC World REIT (the "**Sponsor ROFR**") which provides EC World REIT with access to opportunities for the acquisition of income-producing e-commerce and logistics properties located in China. As at the Latest Practicable Date (as defined herein), the Sponsor owns e-commerce and logistics properties totalling 316,420 sq m of gross floor area ("**GFA**"), which can possibly be injected into EC World REIT. (See "The Sponsor – Assets of the Sponsor which are not injected into the IPO Portfolio" for further details.)

(b) Asset enhancement initiatives

The Manager believes that there are good opportunities to improve the IPO Portfolio and that it will be able to achieve increases in rental revenue and maintain high occupancy rates by converting traditional warehouses to e-commerce logistics centre, or by proactive retrofitting and refurbishment works including upgrading of existing facilities to achieve better efficiency and higher rental potential. As part of its active asset enhancement strategy to draw organic growth, the Manager shall assess the feasibility and impact of any asset enhancement initiatives on EC World REIT's properties before undertaking any such initiatives.

(c) Opportunities to leverage on the market cycle of China's real estate sector

Within China, the Manager may leverage on the cyclical opportunity in China's real estate market to acquire attractive industrial properties and convert them into e-commerce properties. Moving beyond China, the Manager intends to actively seek opportunities to acquire e-commerce assets in Singapore and other countries in Southeast Asia to complement EC World REIT's assets in China, and further diversify its e-commerce portfolio, which dovetails with the "One Belt One Road" initiative advocated by PRC Government. (See "Key Strategies – Acquisition Growth Strategy".)

(5) Experienced and professional REIT management and property management teams

(a) Experienced Board and management team with proven track record

The board of directors of the Manager (the "**Board**") comprises individuals who collectively have extensive and in-depth experience in areas including, but not limited to, real estate development and management, fund management, accounting, banking, finance and logistics operations, with each individual having more than 10 years' experience in their respective field of specialisation or industry. The Board members are familiar with the dynamics of the PRC business and operating environment. The Board will guide the corporate strategy and direction of the Manager and ensure that senior management discharges their business leadership functions and execute their investment strategies effectively to achieve the investment objectives of EC World REIT. The Board will also ensure that measures relating to high standards of corporate governance and prudent financial management are implemented and enforced. In this regard, the Manager believes that Unitholders will benefit from the collective experience of its Board and management team, as well as their networks and relationships in the PRC market. (See "The Manager and Corporate Governance – The Manager of EC World REIT – Board of Directors of the Manager – Experience and Expertise of the Board of Directors" for further details on the Directors.)

(b) Professional property management team with experience in managing e-commerce and logistics assets

Yuntong Property Management Co., Ltd. (运通网城资产管理有限公司), which is the Property Manager, has employed experienced professionals who are currently managing the Sponsor's e-commerce, logistics, warehouses and port assets. The Property Manager is therefore familiar with the IPO Portfolio and the Manager intends to leverage on the Property Manager's experience and expertise to implement its planned strategies for the IPO Portfolio. The Property Manager will have a team of experienced professionals who are dedicated to providing services to EC World REIT's properties.

Among the professionals employed by the Property Managers are skilled executives who had experience in managing well-known real estate developments in China such as Wanda Commercial Complex, Transfar Road Port and Hundsun Science & Technology Park. Supported by the Sponsor's expertise of developing and managing warehouses, ports, integrated e-commerce warehousing and logistics solutions, and reinforced by the Property Manager's experience in building an eco-system for the e-commerce communities through a tenant mix ranging from third party logistics providers, O2O showrooms, e-commerce service providers, incubation and business start-up training and recreation facilities, the Manager is confident that the diversified IPO Portfolio will provide a stable level of rental income and achieve long-term growth for EC World REIT. The NDRC has granted accreditation to the Property Manager under the Internet Plus Key Project (互联网+重大项目) and this accreditation allows the Property Manager to provide value-added services to the tenants of the Properties. Examples of such services include the outsourcing of registration and application activities, dealing of logistics and supply chain management solutions and online community services.

(c) Management fee structure based on distributable income and DPU growth which demonstrates the Manager's alignment of interest with Unitholders

The management fees payable to the Manager under the Trust Deed are structured to align the interests of the Manager and the Unitholders with the base and performance management fee structure based on Distributable Income (as defined herein) and DPU growth, respectively, instead of assets under management and property income, which incentivises the Manager to grow the DPU of EC World REIT. Under the Trust Deed, the Manager is entitled to receive a base fee of 10.0% per annum of the Distributable Income (calculated before accounting for the Base Fee and the Performance Fee in each financial year) (the "**Base Fee**"), and a performance fee of 25.0% per annum of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year (the "**Performance Fee**"). The Manager has also adopted an acquisition fee rate of 0.75% for acquisitions from Related Parties[1] and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion). To further align its interest with Unitholders, the Manager shall receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units for the period from the Listing Date to the end of Projection Year 2017. There will be no Performance Fee payable for Forecast Period 2016.

(See "Certain Fees and Charges" for further details.)

(6) Stable distributions with growth potential

(a) Stable and growing distributions

One of EC World REIT's primary objectives is to provide Unitholders with stable distributions on a semi-annual basis. The Manager expects to distribute approximately 3.34 Singapore cents per Unit for Forecast Period 2016. This represents an annualised yield of 7.1% based on the Offering Price of S$0.81 per Unit. In the absence of the Master Leases, the annualised yield for Forecast Period 2016 shall be 5.8% based on the Offering Price.

The Manager expects the yield to grow to 7.3% for Projection Year 2017. In the absence of the Master Leases, the yield shall be 6.3%.

Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price.

---

1 "**Related Party**" refers to an "interested person" as defined in the Listing Manual of the SGX-ST (the "**Listing Manual**") ("**Interested Person**") and/or (as the case may be) an "interested party" as defined in the Property Funds Appendix ("**Interested Party**").

EC World REIT's diversified asset mix and tenant base will support the stability of its distribution. As of 31 December 2015, the Properties have a weighted average occupancy rate of 92.3%.[1]

(b) Downside protection with master lease arrangements for certain Properties in the IPO Portfolio

The Sponsor and its subsidiaries have entered into master lease arrangements in relation to Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse (the "**Master Leases**"). The Manager believes that the Master Leases will provide EC World REIT with a stable stream of quality rental income, predictable growth and will mitigate any income risk caused by uncertainty and volatility of economic conditions due to the following reasons:

- the term of each of the Master Leases is five years, and provides EC World REIT with predictable income growth in the short to mid-term without limiting long-term upside as the port and e-commerce markets continue to improve in future; and

- the initial fixed annual rent and rental escalations of the Master Leases have been negotiated and agreed upon, taking into consideration the Independent Market Research Consultant's positive outlook on the port and e-commerce markets in Hangzhou, and the growth potential of the three Properties under the Master Leases. Accordingly, the Manager and the Independent Valuers believes that EC World REIT may continue to enjoy rental growth as the China e-commerce market and the Hangzhou e-commerce eco-system continue to grow.

The Master Leases have been put in place for certain Properties in the IPO Portfolio, which are Chongxian Port Investment, Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse.

- Chongxian Port Investment: the existing four sub-leases at the Property have tenures of five to 10 years, and some of these leases (which were entered into several years ago) have not caught up with the current rental rate and do not reflect the Property's full rental potential, given its comparative better quality and leading position. According to Colliers, Chongxian Port Investment has been ranked as one of the top inland ports in Hangzhou for the transportation of steel products. The Independent Market Research Report states that the Chongxian Port ranked first amongst the ports in Hangzhou for the amount of steel handled in 2014. During this five-year period, the Property is expected to be able to command higher rental rates because properties like Chongxian Port Investment are increasingly scarce, as the development of inland ports at the suburb of downtown Hangzhou for the transportation of bulk materials will be limited following the designation of the Beijing-Hangzhou Grand Canal as a UNESCO World Heritage Site in June 2014. In addition, the closure of local steel mills of Hangzhou Iron and Steel Group Company is expected to increase demand for port facilities as more steel products have to be shipped into Hangzhou through the ports.

---

1 The Master Leases for Chongxian Port Investment and Fu Heng Warehouse commenced from 1 January 2016. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015, and without the Master Lease, the underlying occupancy rate of the Stage 1 Properties of Bei Gang Logistics is 55.3% as at 31 December 2015. Following the implementation of the Master Lease, the Master Lessee of the Stage 1 Properties of Bei Gang Logistics restructured the underlying lease arrangements to intensify the Property's focus as a hub for e-commerce businesses and in this process, the earlier tenancies which were less relevant to e-commerce sector were restructured or terminated, thereby resulting in an underlying occupancy rate of 55.3% for the Property as at 31 December 2015. As at 30 June 2016, the underlying occupancy rate for the Property has increased to 67.5%.

- Stage 1 Properties of Bei Gang Logistics: the rental for existing leases at the Property is currently not comparable to other logistics assets in Hangzhou and the Manager expects the leases at the Property to yield higher rental in future due to the short supply of purpose-built large scale e-commerce logistics properties in the market.

- Fu Heng Warehouse: the Property commenced operations recently and is currently operating at an occupancy rate of 100.0%. The rental for existing leases at the Property is currently not comparable to other logistics assets in Hangzhou and the Manager expects the leases at the Property to yield higher rental in future due to the short supply of purpose-built large scale e-commerce logistics properties in the market.

Given the above, the Manager believes that the master lease arrangements will provide Unitholders with downside protection and allow the net property yield of EC World REIT to better reflect the current and future potential of the IPO Portfolio. In addition to the above explanations, the Sponsor believes that the rental rates under the Master Leases are sustainable upon their expiry at the end of five years, taking into account the following considerations:

- Chongxian Port Investment: the scarcity of similar port facilities coupled with the expected increase in demand for such spaces are expected to sustain the growth of the Property's rental rate in the next five years. The Sponsor believes that such growth shall also be supported by the improved operational efficiency (and hence business profitability) of the sub-lessee operators at the Property following the integration of port logistics and online B2B businesses in the commodity trading sector, thereby enabling Hangzhou Chongxian Port Investment Co., Ltd. to set more competitive rental rates for its spaces in the mid-term.

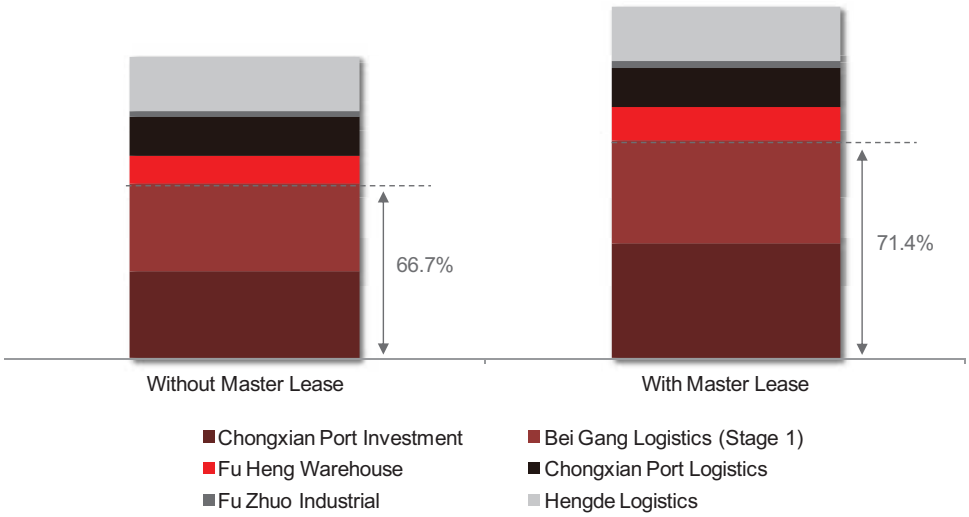
- Stage 1 Properties of Bei Gang Logistics: in addition to the attractiveness of the Property's purpose-built features to prospective tenants in the e-commerce business, the Sponsor believes that the formation of the e-commerce eco-system within Bei Gang Logistics shall sustain the growth of the Property's rental rate in the next five years as sub-lessees of the Property are expected to have a growing reliance on the value-added services provided by the e-commerce tenant community for the survival and development of their businesses in the competitive e-commerce market.

- Fu Heng Warehouse: the Property's anticipated improvement in its logistics capability for e-commerce is expected to sustain the growth of the Property's rental rate in the next five years. Reputable e-commerce logistics businesses such as SF Express (顺丰速运) is a sub-lessee of the Property and China Postal Express & Logistics (中国邮政速递物流), YTO Express (圆通速递), ZTO Express (中通速递), DeBang Logistics (德邦物流) are allied business partners of the master lessee, thereby giving Fu Heng Warehouse more prominence in its marketing as one of the more competitively-priced logistics spaces in Hangzhou. Hangzhou Fuyang Yunton E-Commerce Co., Ltd. is a provider of third-party warehousing services and an operator of integrated logistics services for e-commerce activities, operating under the brand name of "Ruyicang 如意仓", with a business focus on providing integrated warehousing and logistics services for e-commerce enterprises.

Based on the above, the Sponsor is also of the view that the underlying occupancy rates of the three Properties are sustainable over the term of the Master Leases and upon their expiry thereafter. As at the Latest Practicable Date and on the basis that the assumptions as set out in the "Profit Forecast and Profit Projection" section remain unchanged, the Sponsor is of the view that the distribution yield and distributable income of EC World REIT shall be sustainable after the expiry of the Master Leases.

As at 31 December 2015, the underlying occupancy rate for each of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse (in the absence of the Master Leases) is 100.0%, 55.3% and 100.0% respectively. For Forecast Period 2016 and Projection Year 2017, the occupancy rate for each of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse will be 100.0% as each of these Properties are master leased to a single tenant. The Manager believes that the strong occupancy rate of the IPO Portfolio and commitment from the tenants and sub-tenants will mitigate vacancy risks in the future. The annualised DPU for Forecast Period 2016 is 5.8% without the Master Leases and 7.1% with the Master Leases. The following charts set out the difference in the projected Gross Rental Income of the IPO Portfolio and DPU yield for Forecast Period 2016 and Projection Year 2017 with and without the Master Leases.

Comparison of Forecast Period 2016 Gross Rental Income with and without Master Leases(1)

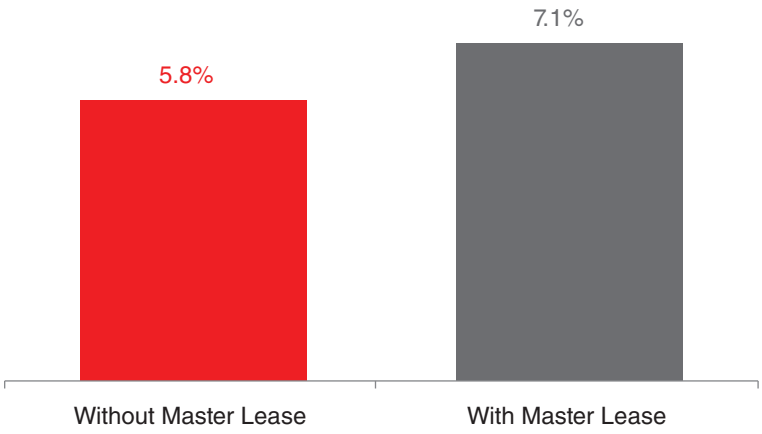


Note:

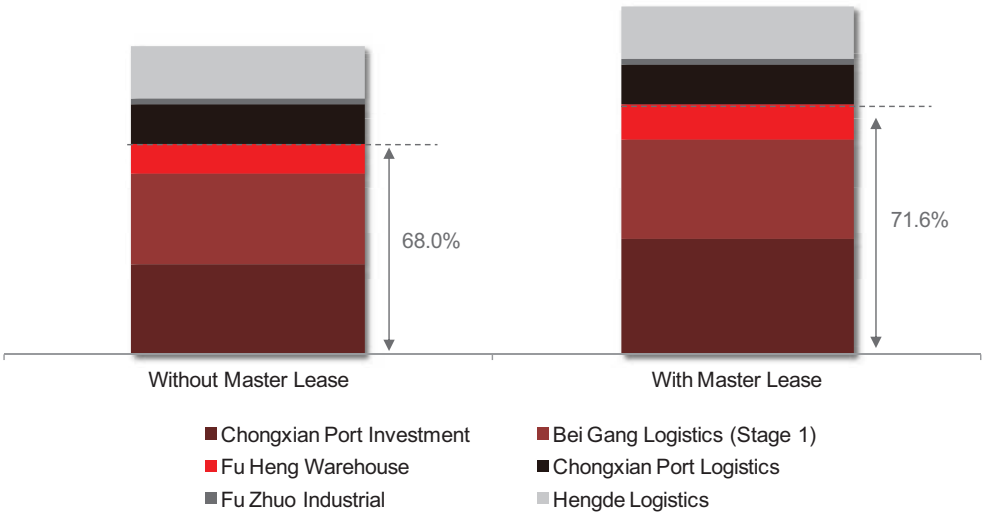
(1) Excluding the accounting impact relating to the straight line effect of rental income and the accretion of security deposits.

Chongxian Port Investment, Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse are the three Properties under the Master Leases, and they are expected to collectively contribute to 71.4% of the IPO Portfolio's Gross Rental Income (RMB167.6 million) for Forecast Period 2016. In the absence of the Master Leases, the contribution of these Properties to the IPO Portfolio's Gross Rental Income (RMB134.5 million) will decrease to 66.7%.

Comparison of 2016 DPU Yield (annualised) with and without Master Leases



Comparison of Forecast Period 2017 Gross Rental Income with and without Master Leases(1)

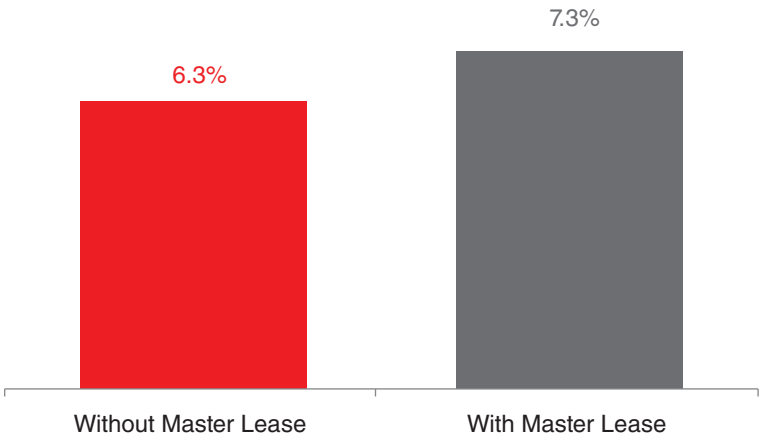


Note:

(1) Excluding the accounting impact relating to the straight line effect of rental income and the accretion of security deposits.

Chongxian Port Investment, Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse are the three Properties under the Master Leases, and they are expected to collectively contribute to 71.6% of the IPO Portfolio's Gross Rental Income (RMB298.7 million) for Projection Year 2017. In the absence of the master lease arrangements, the contribution of these Properties to the IPO Portfolio's Gross Rental Income (RMB251.4 million) will decrease to 68.0%.

Comparison of 2017 DPU Yield (annualised) with and without Master Leases



According to the Independent Valuers, the rental rate of each of the Properties under the Master Leases is expected to rise and approach the master lease rental level at the end of the five-year period for the reasons as follows. Savills reported that the rent of each of the Properties under the Master Leases is expected to rise as they are dominating projects in the locality. Colliers reported that as the Hangzhou Government imposes more restrictions on the land supply for port use and fewer comparable ports will be built in its area, the rent of Chongxian Port Investment is expected to increase. According to Colliers, outlook for both Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse is also expected to be positive as Bei Gang Logistics will become a more mature project in its market and is likely to remain competitive, while Fu Heng Warehouse is expected to benefit from the increased demand and limited supply for e-commerce logistics parks. In valuing the Properties which are subject to the Master Leases, the Independent Valuers have not taken into account the master lease rental rate as their valuations were done on the basis of the underlying rental rates.

The Master Leases are each for a term of five years as the Manager believes that this is the optimal length of time required for the underlying rental rates of the three Properties to reach the master lease rental level, bearing in mind the competitive features of these Properties and the market which they operate in. Market demand and the rental rate of purpose-built e-commerce facilities in Hangzhou are expected to experience fast growth in the next five years, and coupled with the development of the e-commerce eco-system of Bei Gang Logistics and Fu Heng Warehouse in the same period, the Manager expects the underlying rental rates of both Properties to increase. In relation to Chongxian Port Investment, the Manager believes that the growing gap between the supply and demand of port facilities in Hangzhou for the next five years will aid the growth of the underlying rental rates for the Property.

(See “Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Master Lease Agreements” for further details.)

KEY STRATEGIES

The Manager plans to achieve its key objectives through the following key strategies:

- **Asset focus** – focusing on real estate assets which support the e-commerce business;
- **Investment strategy** – investing in value-adding investments, comprising development and acquisition of income-producing properties with strong underlying real estate fundamentals;
- **Acquisition growth strategy** – pursuing opportunities for future income and capital growth through leveraging on the network and experience of the Sponsor and the support provided by the right of first refusal ("**ROFR**")[1] granted by each of the Sponsor and Mr Zhang Guobiao;
- **Organic growth strategy** – optimising organic growth through proactive portfolio and asset management; and
- **Capital and risk management strategy** – adopting prudent capital and risk management through diligent and proactive management of operational, financial, investment and regulatory risks associated with the real estate investment business.

(See "Strategy" for further details.)

1 Rule 404(8)(d) of the Listing Manual only requires the controlling Unitholder of EC World REIT to grant a ROFR to EC World REIT. In this regard, the Sponsor will be granting a ROFR to EC World REIT. Mr Zhang Guobiao, who is deemed to be a controlling Unitholder of EC World REIT, will also be granting a ROFR to EC World REIT. (See "Certain Agreements Relating to EC World REIT and the Properties – Sponsor Right of First Refusal" and "– ZGB Right of First Refusal" for further details.)

CERTAIN INFORMATION ON THE PROPERTIES

The table below sets out certain information on the Properties as at 31 December 2015, with independent valuations by the Independent Valuers as at 31 December 2015.

	Chongxian Port Investment	Chongxian Port Logistics	Fu Zhuo Industrial	Stage 1 Properties of Bei Gang Logistics	Fu Heng Warehouse	Hengde Logistics	Total/Average
Property Type	Port	Warehouse	Port	E-commerce property	E-commerce property	Large-scale specialised logistics	–
Location	Hangzhou City	Hangzhou City	Hangzhou City	Hangzhou City	Hangzhou City	Hangzhou City	–
GFA (sq m)	N.A.[1]	121,217	2,302	120,449	95,072	238,032	577,072
NLA (sq m)	112,726	125,856[2]	7,128[2]	120,449	94,287	238,032	698,478
Number of Tenants	1	58	2	1	1	2	61[3]
Committed Occupancy[4]	100.0%	100.0%	100.0%	55.3%	100.0%	100.0%	92.3%[5]
Car Park Lots	Nil	238	45	1278	730	Nil	2291
Independent Valuation by Colliers (RMB million)	2,095.0	865.0	108.0	1,288.0	550.0	1,452.0	6,358.0
Independent Valuation by Savills (RMB million)	2,089.0	840.0	105.0	1,298.0	555.0	1,468.0	6,355.0
Average Independent Valuation (RMB million)	2,092.0	852.5	106.5	1,293.0	552.5	1,460.0	6,356.5

1 According to the Standard in Calculating the Floor Area of Building Works (《建筑工程建筑面积计算规范》) set by the Ministry of Housing and Urban-Rural Development of the PRC, the storage yard is classified into the category of "building structure" (构筑物), for which there is no GFA figure measured and defined. However, the field area of the storage yard can be measured and leased to tenants as the "net lettable area".

2 The NLA of Chongxian Port Logistics and Fu Zhuo Industrial include the area of their storage yard.

3 There are three tenants which have leases in multiple Properties.

4 The Master Leases for Chongxian Port Investment and Fu Heng Warehouse commenced from 1 January 2016. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015, and without the Master Lease, the underlying occupancy rate of the Stage 1 Properties of Bei Gang Logistics is 55.3% as at 31 December 2015. Following the implementation of the Master Lease, the Master Lessee of the Stage 1 Properties of Bei Gang Logistics restructured the underlying lease arrangements to intensify the Property's focus as a hub for e-commerce businesses and in this process, the earlier tenancies which were less relevant to e-commerce sector were restructured or terminated, thereby resulting in an underlying occupancy rate of 55.3% for the Property as at 31 December 2015.

5 Based on the underlying weighted average occupancy rate as at 31 December 2015.

	Chongxian Port Investment	Chongxian Port Logistics	Fu Zhuo Industrial	Stage 1 Properties of Bei Gang Logistics	Fu Heng Warehouse	Hengde Logistics	Total/Average
Purchase Consideration (RMB million)	1,682.1	685.5	85.6	1,039.7	444.2	1,173.9	5,111.0[3]
Land Use Right Expiry	December 2055 [1]	First complex – December 2055 Second complex – September 2060	December 2055 [2]	March 2052	May 2059	First complex – July 2053 Second complex – July 2059	–
Remaining Lease Tenure	40	First complex – 40 Second complex – 45	40	37	44	First complex – 38 Second complex – 44	41
Commencement of Operations	August 2008	January 2010	October 2014	June 2015	February 2015	First complex – November 2010 Second complex – April 2013	–

1 This refers to the expiry date of the land use right for the land underlying the port and the storage yard.

2 This refers to the expiry date of the land use right for the land underlying the port, the warehouse, the workshop, storage yard and office building.

3 This refers to the sum of the (i) acquisition of the PRC Property Companies, (ii) repayment of existing loans, (iii) the Redemption, and (iv) the payment of the initial paid-in capital of Hangzhou Fu Heng Warehouse Co., Ltd. as reflected under the "Use of Proceeds" section.

STRUCTURE OF EC WORLD REIT

EC World REIT

EC World REIT was constituted as a private trust by the Trust Deed dated 5 August 2015. It is principally regulated by the SFA, the Code on Collective Investment Schemes issued by the MAS (the "**CIS Code**"), including Appendix 6 of the CIS Code (the "**Property Funds Appendix**"), other relevant regulations and the Trust Deed.

Fullwealth Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richwin Investment Pte. Ltd., Richport Investment Pte. Ltd. and Magnasset Investment Pte. Ltd. (collectively, the "**Singapore Holding Companies**") are wholly-owned subsidiaries of EC World REIT. The Singapore Holding Companies had acquired the entire equity interest of the PRC Property Companies (as defined herein) which own the Properties directly.

The six PRC-incorporated companies which own the Properties (collectively, the "**PRC Property Companies**") are:

- Hangzhou Chongxian Port Investment Co., Ltd., which owns Chongxian Port Investment;
- Hangzhou Chongxian Port Logistics Co., Ltd. (a wholly-owned subsidiary of Hangzhou Chongxian Port Investment Co., Ltd.), which owns Chongxian Port Logistics;
- Hangzhou Fu Zhuo Industrial Co., Ltd., which owns Fu Zhuo Industrial;
- Hangzhou Bei Gang Logistics Co., Ltd., which owns the Stage 1 Properties of Bei Gang Logistics;
- Hangzhou Fu Heng Warehouse Co., Ltd, which owns Fu Heng Warehouse; and
- Zhejiang Hengde Sangpu Logistics Co., Ltd., which owns Hengde Logistics;

The Manager: EC World Asset Management Pte. Ltd.

EC World Asset Management Pte. Ltd. is the manager of EC World REIT. The Manager was incorporated in Singapore under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") on 14 May 2015. It has an issued and paid-up capital of S$2.21 million as at the date of this Prospectus. Its registered office is located at 8 Shenton Way, #37-03, AXA Tower, Singapore 068811. The Manager is an indirect wholly-owned subsidiary of the Sponsor.

The Manager has been issued a capital markets services licence ("**CMS Licence**") for REIT management by the MAS pursuant to the SFA on 1 July 2016.

The Manager has general powers of management over the assets of EC World REIT. The Manager's main responsibility is to manage EC World REIT's assets and liabilities for the benefit of Unitholders. The Manager will set the strategic direction of EC World REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of EC World REIT in accordance with its stated investment strategy.

(See "The Manager and Corporate Governance" for further details.)

The Trustee: DBS Trustee Limited

DBS Trustee Limited is the trustee of EC World REIT. It is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore (the "**Trust Companies Act**"). It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA. As at the Latest Practicable Date, DBS Trustee Limited has a paid-up capital of S$2.5 million. Its place of business is located at 12 Marina Boulevard, Level 44, Marina Bay Financial Centre Tower 3, Singapore 018982.

The Trustee holds the assets of EC World REIT on trust for the benefit of Unitholders, safeguards the rights and interests of Unitholders and exercises all the powers of a trustee and the powers accompanying ownership of the properties in EC World REIT's portfolio.

(See "The Formation and Structure of EC World Real Estate Investment Trust – The Trustee" for further details.)

The Property Manager: Yuntong Property Management Co., Ltd.

The Property Manager, Yuntong Property Management Co., Ltd., is a subsidiary of the Sponsor. The Property Manager is responsible for providing property and lease management services, marketing services and property maintenance and repair services for the properties in EC World REIT's portfolio. The Property Manager will have a team of experienced professionals who are dedicated to providing services to EC World REIT's properties. Where appropriate, the Property Manager may outsource some of these services to third party service providers in the PRC. If the Property Manager outsources some of the services to third party service providers, the Property Manager will be responsible for the costs of such outsourcing.

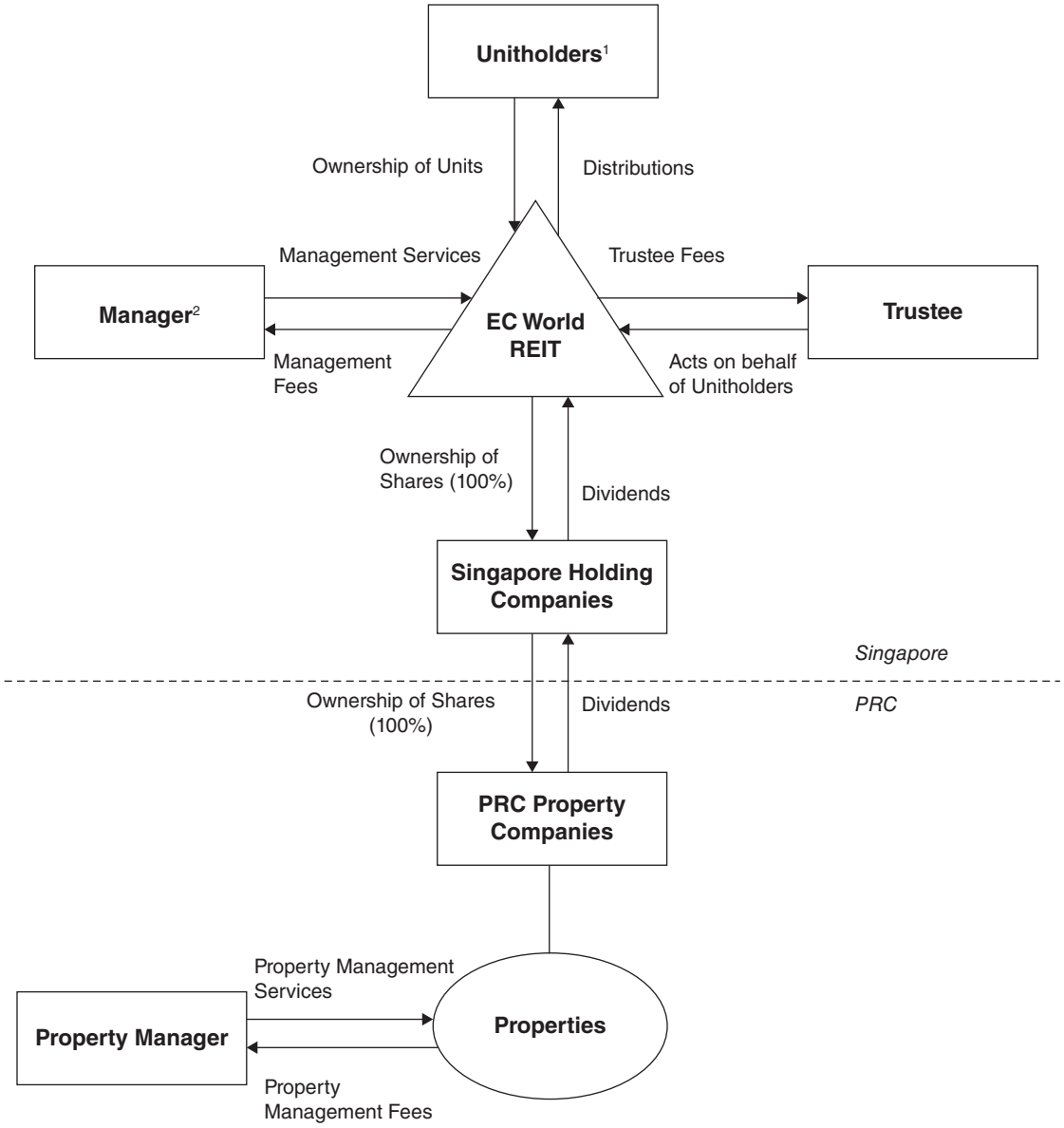
The Sponsor: Forchn Holdings Group Co., Ltd.

The Sponsor is a diversified enterprise group specialising in the real estate sector, industrial sector, e-commerce, logistics and finance. The Sponsor was established in 1992 and its headquarters are located in Shanghai.

The Sponsor has extensive construction and operational experience in the logistics industry. In particular, the Sponsor has invested in, constructed and continues to operate the Chongxian Port facility, which is recognised as a key construction project by the PRC Government at both provincial and national levels. In addition, the Sponsor has actively engaged in the strategic restructuring of its existing operations in industrial properties and port logistics to an e-commerce model.

(See "The Sponsor" for further details.)

The following diagram illustrates the relationship between EC World REIT, the Manager, the Trustee, the Property Manager and the Unitholders as at the Listing Date:



Notes:

(1) The Sponsor shall be a controlling Unitholder of EC World REIT as at the Listing Date through its interest in the Sponsor Units.

(2) The Manager is a wholly-owned subsidiary of the Sponsor.

CERTAIN FEES AND CHARGES

The following is a summary of the amount of certain fees and charges payable by the Unitholders in connection with the subscription for or trading of the Units (so long as the Units are listed):

	Payable by the Unitholders directly	Amount payable
(a)	Subscription fee or preliminary charge	N.A.(1)
(b)	Realisation fee	N.A.(1)
(c)	Switching fee	N.A.(1)
(d)	Any other fee	Investors in the Placement Tranche may be required to pay brokerage of up to 1.0% of the Offering Price. For trading of the Units, investors will pay prevailing brokerage commissions (if applicable) and a clearing fee and a trading fee at the rate of 0.0325% and 0.0075% of the transaction value respectively, for trading of Units on the SGX-ST, subject to Goods and Services Tax ("**GST**") chargeable thereon. An administration fee is payable for each application made through automated teller machines ("**ATM**") and the internet banking websites of the Participating Banks (as defined herein).

Note:

(1) As the Units will be listed and traded on the SGX-ST, and Unitholders will have no right to request the Manager to redeem their Units while the Units are listed, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

The following is a summary of certain fees and charges payable by EC World REIT in connection with the establishment and on-going management and operation of EC World REIT:

	Payable by EC World REIT	Amount payable
(a)	Management Fee (payable to the Manager)	**Base Fee** Pursuant to Clause 15.1.1 of the Trust Deed, 10.0% per annum of the Distributable Income[1] (calculated before accounting for the Base Fee and the Performance Fee in each financial year).

1 "**Distributable Income**" refers to the amount calculated by the Manager (based on the audited financial statements of EC World REIT for that financial year) as representing the consolidated audited net profit after tax of EC World REIT and its SPVs for the financial year, as adjusted to eliminate the effects of Adjustments (as defined herein). After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year.

	Payable by EC World REIT	Amount payable
		Performance Fee Pursuant to Clause 15.1.2 of the Trust Deed, 25.0% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year where the Performance Fee is payable may be less than the DPU in the financial year prior to any preceding full financial year[1]. For the avoidance of doubt, where the DPU in a financial year is less than the DPU in any preceding financial year, the Manager shall not be required to return any Performance Fee paid to it in such preceding financial year. For illustrative purposes only, the following sets out an example of the computation of the Performance Fee based on an assumed DPU of 5.00 cents for Year 1 and 5.10 cents for Year 2 and a weighted average number of Units of 1,000,000,000:

	Year 1	Year 2
DPU (S$ cents)(1)	5.00	5.10
Weighted average number of Units (million)	–	1,000
Performance Fee (S$ million)	–	0.25(2)

Notes:

(1) Calculated before accounting for the Performance Fee in the financial year.

(2) The Performance Fee is calculated based on the following computation: (0.051 – 0.050) x 1,000,000,000 x 25.0%.

1 As an illustration, if the DPU is 5.20 cents in Year 1, 5.10 cents in Year 2 and 5.15 cents in Year 3, Performance Fee is payable in relation to Year 3 as the DPU for Year 3 exceeds Year 2, notwithstanding that the DPU for Year 3 is less than the DPU for Year 1.

	Payable by EC World REIT	Amount payable
		For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of EC World REIT arising from the operations of EC World REIT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the authorised investments of EC World REIT but shall exclude any one-off income of EC World REIT such as any income arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through SPVs or any part thereof), and (ii) any investments forming part of the Deposited Property[1] or any part thereof.[2] No Performance Fee is payable for Forecast Period 2016. For Projection Year 2017, the calculation of the Performance Fee is determined using the difference between the actual DPU in Projection Year 2017 and the actual DPU in Forecast Period 2016. **Management Fee to be paid in cash and/or Units** The Manager may elect to receive the Base Fee and Performance Fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). The Manager has agreed to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units for the period from the Listing Date to the end of Projection Year 2017.
(b)	Trustee's fee	Pursuant to Clause 15.3.1 of the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$12,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee's fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed. The actual fee payable within the permitted limit will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

1 "**Deposited Property**" means all the Authorised Investments (as defined herein) of EC World REIT for the time being held or deemed to be held by EC World REIT under the Trust Deed.

2 The rationale for computing the DPU in the manner described above is to ensure that the measure of the Manager's performance is based on the recurring income of EC World REIT arising from the operations as opposed to one-off income such as a sale or disposal of assets which may skew the DPU in a relevant financial year.

	Payable by EC World REIT	Amount payable
(c)	Any other substantial fee or charge (*i.e.* 0.1% or more of EC World REIT's asset value)	
	Payable to the Manager or its nominee	
	(i) Acquisition fee	Pursuant to Clause 15.2.1 of the Trust Deed, 0.75% for acquisitions from Related Parties[1] and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting): • the acquisition price of any real estate[2] purchased by EC World REIT or its SPV (plus any other payments[3] in addition to the acquisition price made by EC World REIT or its SPV to the vendor in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of EC World REIT's interest); • the underlying value[4] of any real estate which is taken into account when computing the acquisition price payable for the equity interests in any vehicle holding directly or indirectly the real estate, purchased by EC World REIT or its SPV (plus any other payments in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of EC World REIT's interest); or • the acquisition price of any investment purchased by EC World REIT (whether directly or indirectly through one or more SPVs) in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate, (the "**Acquisition Fee**").

1 "**Related Party**" refers to an Interested Person and/or (as the case may be) an Interested Party. (See "The Manager and Corporate Governance – Related Party Transactions" for further details.)

2 "**Real Estate**" in the context of this provision excludes shares, units, interests or rights in any SPV not held by EC World REIT.

3 "**Other payments**" refer to additional payments to the vendor of the asset, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but do not include stamp duty or other payments to third party agents and brokers.

4 For example, if EC World REIT acquires a SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by EC World REIT as purchase price and any debt of the entity.

	Payable by EC World REIT	Amount payable
		For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion. For the purpose of this Acquisition Fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The Acquisition Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) in such proportions as may be determined by the Manager. Under the Property Funds Appendix, in respect of any acquisition of real estate assets from Related Parties, such a fee should be in the form of Units issued by EC World REIT at prevailing market price(s) instead of cash. Such Units should not be sold within one year from the date of their issuance. Any payment to third party agents or brokers in connection with the acquisition of any assets of EC World REIT shall be paid by the Manager to such persons out of the Deposited Property of EC World REIT or the assets of the relevant SPV, and not out of the acquisition fee received or to be received by the Manager.
	(ii) Divestment fee	Pursuant to Clause 15.2.2 of the Trust Deed, 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting): • the sale price of any real estate[1] sold or divested by EC World REIT or its SPV (plus any other payments[2] in addition to the sale price received by EC World REIT or its SPV from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of EC World REIT's interest);

1 "**Real Estate**" in the context of this provision excludes shares, units, interests or rights in any SPV not held by EC World REIT.

2 "**Other payments**" refer to additional payments to EC World REIT or its SPVs for the sale of the asset, for example, where EC World REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

	Payable by EC World REIT	Amount payable
		• the underlying value[1] of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by EC World REIT or its SPV (plus any additional payments received by EC World REIT or its SPV from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of EC World REIT's interest); or • the sale price of any investment sold or divested by EC World REIT (whether directly or indirectly through one or more SPVs) in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate, (the "**Divestment Fee**"). The disclosed rate for the Divestment Fee applies to all divestments, regardless of whether such divestment is to a Related Party. For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion. For the purpose of this Divestment Fee, equity interests include all classes and types of equity securities relating to real estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other SPV owning or acquiring real estate. The Divestment Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect) in such proportions as may be determined by the Manager. Under the Property Funds Appendix, in respect of any sale or divestment of real estate assets to Related Parties, such a fee should be in the form of Units issued by EC World REIT at prevailing market price(s) instead of cash. Such Units should not be sold within one year from date of their issuance. The Manager shall pay third party agents or brokers in connection with the disposal of any assets of EC World REIT out of the Deposited Property of EC World REIT or the assets of the relevant SPV, and not out of the Divestment Fee received or to be received by the Manager.

1 For example, if EC World REIT sells or divests a SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by EC World REIT as sale price and any debt of the SPV.

	Payable by EC World REIT	Amount payable
	(iii) Development management fee	Pursuant to Clause 15.6 of the Trust Deed, the Manager is entitled to receive a development management fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the Manager on behalf of EC World REIT (the "**Development Management Fee**"). EC World REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to property development activities and investments in uncompleted property developments). "**Total Project Costs**" means the sum of the following (where applicable): (i) construction cost based on the project final account prepared by the project quantity surveyor; (ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager but for the avoidance of doubt shall not include the costs of the service provider(s) appointed by the Manager pursuant to the Trust Deed; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with Singapore Financial Reporting Standards; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with Singapore Financial Reporting Standards. For the avoidance of doubt, the computation of Total Project Costs will not include land costs. "**Development Project**", in relation to EC World REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by EC World REIT, either directly or indirectly, by one or more SPVs, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.

	Payable by EC World REIT	Amount payable
		When the estimated Total Project Costs are greater than S$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the Development Management Fee, whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the Development Management Fee, the independent directors of the Manager shall have the right to direct a reduction of the Development Management Fee to less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of EC World REIT. The Development Management Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect). The Development Management Fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. Where the finalised Total Project Costs is less than the estimated Total Project Costs, the Manager shall refund the excess amount (if any) at the end of the construction period for the Development Project. For the avoidance of doubt, in respect of the same Development Project, the Manager will not be entitled to concurrently receive both the Development Management Fee as well as the Acquisition Fee. For the avoidance of doubt, as land costs will not be included in the computation of Total Project Costs, the Manager shall be entitled to receive an acquisition fee on the land costs. Where project management fees are payable to the Property Manager for a Development Project, there will not be any development management fees payable to the Manager for the same Development Project and *vice versa*.

	Payable by EC World REIT	Amount payable
	Payable to the Property Manager	
	(iv) Property management fee and lease commission	The Property Manager is entitled to the following fees on each property of EC World REIT under its management: • in respect of property and lease management services and maintenance and repair services, a property management fee of 1.5% per annum of the Gross Revenue for the relevant property; and • in respect of marketing services, for leases with a tenure of 24 months or more, (a) a lease-up commission of 1 month for new leases, and (b) a commission of 0.5 month for the renewal of existing leases. If the new lease or lease renewal is for tenure of less than 24 months, the commission shall be calculated *pro rata*. The lease commission payable to the Property Manager in respect of the marketing services to be provided for the Properties in the IPO Portfolio shall only be payable for new leases entered into or existing leases renewed in the year commencing from 1 January 2018 and thereafter. The property management fee and the lease commission are payable to the Property Manager in the form of cash. The Manager has the discretion under the Individual Property Management Agreement (as defined herein) to pay the Property Manager its fees in the form of cash and/or Units. Where the fees are to be paid in the form of Units, the issue price at which the Units are issued will be determined in accordance with the Individual Property Management Agreement. (See "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Individual Property Management Agreement" for further details.) In addition to the above, the Property Manager shall enter into a separate service agreement with the end-tenants of the Property where the end-tenant shall pay fees to the Property Manager for the specific services provided by the Property Manager in respect of: (i) general maintenance or repair works on the leased premises of the end-tenant; and (ii) *ad hoc* maintenance or repair works on the leased premises of the end-tenant.

	Payable by EC World REIT	Amount payable
	(v) Project management fee	In respect of the project management services to be provided by the Property Manager for EC World REIT's properties, the Property Manager is entitled to a project management fee based on the following development or re-development (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), refurbishment, retrofitting, addition and alteration or renovation works to the relevant property: (i) where the construction costs are RMB10.0 million or less, a fee of 3.25% of the construction costs; (ii) where the construction costs exceed RMB10.0 million but do not exceed RMB100.0 million, a fee of 3.0% of the construction costs; (iii) where the construction costs exceed RMB100.0 million but do not exceed RMB250.0 million, a fee of 2.75% of the construction costs; and (iv) where the construction costs exceed RMB250.0 million, a fee[1] to be mutually agreed by the Manager, the Trustee and the Property Manager. The project management fee is payable to the Property Manager in the form of cash. The Manager has the discretion under the Individual Property Management Agreement to pay the Property Manager its fees in the form of cash and/or Units. Where the fees are to be paid in the form of Units, the issue price at which the Units are issued will be determined in accordance with the Individual Property Management Agreement. (See "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Individual Property Management Agreement" for further details.)

Rationale for the Fees Payable to the Manager

The rationale for each of the fees payable to the Manager by EC World REIT in connection with the establishment and on-going management and operation of EC World REIT are as follows:

(a) Management Fee

The Management Fee comprises two components, being the Base Fee and the Performance Fee. The Management Fee remunerates the Manager for its provision of on-going management services to EC World REIT as a professional licensed REIT manager on a full-time and dedicated basis. These management services include functions such as investment management, asset management, financing, marketing and investor relations.

(i) Base Fee

The Base Fee is a recurring income stream to the Manager which covers its staff costs and operating expenses incurred in the provision of REIT management services.

1 The quantum of the project management fee and the methodology for its computation shall be disclosed in the annual report of EC World REIT.

(ii) Performance Fee

The Performance Fee is based on and linked to DPU growth, thereby ensuring that the Manager will only be entitled to the Performance Fee if it achieves DPU growth over the previous financial year. The methodology for the computation of the Performance Fee aligns the interest of the Manager with that of the Unitholders, the Manager is incentivised to improve and sustain the operating performance of EC World REIT's properties in order to receive the Performance Fee. The objective of achieving sustainability in DPU growth over the long-term will require the Manager to undertake prudent capital and risk management, proactive asset management and well-executed asset enhancement initiatives, and avoid exposing EC World REIT to short-term risks.

(b) Acquisition Fee

The Acquisition Fee is payable to the Manager upon a successful acquisition. The Acquisition Fee compensates the Manager for the time, effort and costs incurred by its management team in sourcing, evaluating and executing opportunities to acquire new properties to further the growth of EC World REIT. In undertaking a proposed acquisition, the Manager is also expected to incur time and effort in negotiating with the prospective seller, liaising with the valuers and working with the legal advisers and regulatory authorities to seek the necessary approvals from regulators and/or the Unitholders (where required).

(c) Divestment Fee

The Divestment Fee is payable to the Manager upon a successful divestment. The Divestment Fee compensates the Manager for the time, effort and costs incurred by its management team in evaluating and executing opportunities to rebalance EC World REIT's portfolio and unlock the underlying value of its existing properties through the divestment of mature properties which have limited scope for further growth. In undertaking a proposed divestment, the Manager is also expected to incur time and effort in negotiating with the prospective purchaser, liaising with the valuers and working with the legal advisers and regulatory authorities to seek the necessary approvals from regulators and/or the Unitholders (where required).

(d) Development Management Fee

The Development Management Fee is payable to the Manager only when it undertakes development projects on behalf of EC World REIT (the "**Development Manager**") within the limits of the Property Funds Appendix.

As the Development Manager, the Manager shall be responsible for development management services which include:

– overall responsibility for the planning, control and monitoring of the progress of the development project from concept to completion to ensure project is completed within the stipulated time, cost and quality;

– working closely with the appointed project manager, architect and consultants to carry out relevant value engineering to ensure a cost-efficient building; and

– reporting to the Trustee on a regular basis, in particular, on the cost and progress of the project.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (i.e. from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the time frame for the development management process (and depending on the size of the project) is expected to be longer compared to the time frame for outright acquisitions (starting from initial inspection until the completion of the acquisition).

In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers and the relevant authorities. The amount of services rendered for a development project is significantly more than the amount of services rendered for an acquisition.

THE OFFERING

EC World REIT	EC World REIT, a REIT established in Singapore and constituted by the Trust Deed.
The Manager	EC World Asset Management Pte. Ltd., in its capacity as manager of EC World REIT.
The Sponsor	Forchn Holdings Group Co., Ltd.
The Trustee	DBS Trustee Limited, in its capacity as trustee of EC World REIT.
The Offering	188,125,600 offered under the Placement Tranche and the Public Offer, subject to the Over-Allotment Option.
The Placement Tranche	180,625,600 Units offered by way of an international placement to investors, including institutional and other investors in Singapore other than the Sponsor and the Cornerstone Investors, pursuant to the Offering. The Units have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the U.S. except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. The Units are being offered and sold only in offshore transactions as defined in and in reliance on Regulation S.
The Public Offer	The Public Offer Units offered by way of a public offer in Singapore. 7,500,000 Units will be offered under the Public Offer.
Clawback and Re-allocation	The Joint Bookrunners and Underwriters may re-allocate the Units between the Placement Tranche and the Public Offer at its discretion (in consultation with the Manager, subject to the minimum unitholding and distribution requirements of the SGX-ST), in the event of an excess of applications in one and a deficit in the other.
Subscription by the Sponsor	Concurrently with, but separate from the Offering, Forchn Investments (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Sponsor has entered into a subscription agreement to subscribe for 349,880,400 Units at the Offering Price (the "**Sponsor Subscription Agreement**"), conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the date and time on which the Units are issued as settlement under the Offering ("**Settlement Date**").

Subscription by the Cornerstone Investors	Concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a subscription agreement to subscribe for an aggregate of 239,506,000 Units (the "**Cornerstone Subscription Agreements**"), conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date. (See "Ownership of the Units – Information on the Cornerstone Investors" for further details.)
Offering Price	S$0.81 per Unit.
Subscription for Units in the Public Offer	Investors applying for Units by way of Application Forms or Electronic Applications (both as referred to in Appendix F, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore") in the Public Offer will pay the Offering Price on application, subject to a refund of the full amount or (as the case may be) the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom) where: (i) an application is rejected or accepted in part only; or (ii) the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay S$810, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events. **The minimum initial subscription is for 1,000 Units. An applicant may subscribe for a larger number of Units in integral multiples of 100.** Investors in Singapore must follow the application procedures set out in Appendix F, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore". Investors who are members of the Central Provident Fund ("**CPF**") in Singapore may use their CPF Ordinary Account savings to purchase Units as an investment included under the CPF Investment Scheme – Ordinary Account. Subscriptions under the Public Offer must be paid for in Singapore dollars. No fee is payable by applicants for the Units, save for an administration fee for each application made through ATM and the internet banking websites of the Participating Banks.

Unit Lender	Forchn Investments (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Sponsor.
Over-Allotment Option	In connection with the Offering, the Unit Lender has granted the Over-Allotment Option to the Joint Bookrunners and Underwriters. The Stabilising Manager (or any of its affiliates or other persons acting on its behalf) can exercise the Over-Allotment Option, in full or in part, on one or more occasions, only from the Listing Date but no later than the earliest of (i) the date falling 30 days from the Listing Date; or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought, on the SGX-ST, an aggregate of 31,100,500 Units, representing not more than 16.6% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,100,500 Units (representing not more than 16.6% of the total number of Units in the Offering), at the Offering Price. Unless indicated otherwise, all information in this document assumes that the Over-Allotment Option is not exercised. (See "Plan of Distribution" for further details.) The total number of Units in issue immediately after the completion of the Redemption and the Offering will be 777,512,000 Units. The exercise of the Over-Allotment Option will not increase this total number of Units in issue.
Lock-ups	Forchn Investments (Singapore) Pte. Ltd. has agreed with the Joint Bookrunners and Underwriters to a lock-up arrangement during the Lock-up Period (as defined herein) in respect of its direct and indirect effective interest in the Lock-up Units (as defined herein), subject to certain exceptions. The Sponsor has agreed with the Joint Bookrunners and Underwriters to a lock-up arrangement during the Lock-up Period in respect of all of its direct and indirect interests in the shares of Forchn Investments (Singapore) Pte. Ltd., subject to certain exceptions. Each of Mr Zhang Guobiao and Mr Zhang Zhangsheng has agreed with the Joint Bookrunners and Underwriters to a lock-up arrangement during the Lock-up Period in respect of all of each of their direct and indirect interests in the shares of the Sponsor, subject to certain exceptions.

	The Manager has also undertaken not to offer, issue, sell, contract to issue or sell any Units, or make any announcements in connection with any of the foregoing transactions, during the Lock-up Period, subject to certain exceptions. The Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings. (See "Plan of Distribution – Lock-up Arrangements" for further details.)
Capitalisation	S$1,035.7 million. (See "Capitalisation and Indebtedness" for further details.)
Use of Proceeds	See "Use of Proceeds" and "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties" for further details.
Listing and Trading	Prior to the Offering, there was no market for the Units. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST: • all the Units comprised in the Offering; • all the Sponsor Units; • all the Cornerstone Units; • all the Units which may be issued to the Manager from time to time in full or part payment of the Manager's fees; and • all the Units which may be issued to the Property Manager from time to time in full or part payment of the Property Manager's fees. (See "The Manager and Corporate Governance – The Manager of EC World REIT – Fees Payable to the Manager" for further details.) Such permission will be granted when EC World REIT is admitted to the Official List of the SGX-ST. The Units will, upon their issue, be listed and quoted on the SGX-ST and will be traded in Singapore dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("**CDP**"). The Units will be traded in board lot sizes of 100 Units.

Stabilisation	In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations (including the SFA and any regulations thereunder). Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading in the Units on the SGX-ST or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 31,100,500 Units representing not more than 16.6% of the total number of Units in the Offering, to undertake stabilising actions. (See "Plan of Distribution – Over-Allotment and Stabilisation" for further details.)
No Redemption by Unitholders	Unitholders have no right to request the Manager to redeem their Units while the Units are listed. Unitholders may only deal in their listed Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.
Distribution Policy	Distributions from EC World REIT to Unitholders will be computed based on 100.0% of EC World REIT's Distributable Income for the period from the Listing Date to 31 December 2017. Thereafter, EC World REIT will distribute at least 90% of its Distributable Income on a semi-annual basis. The Manager will pay the first distribution, which will be in respect of the period from the Listing Date to 31 December 2016 ("**First Distribution**"), on or before 31 March 2017. (See "Distributions" for further details.)

Tax Considerations	EC World REIT's distribution will comprise three components: (i) taxable income; (ii) a tax exempt income component; and (iii) a capital component. The taxable income component refers to the portion of the distributions that is made out of EC World REIT's Taxable Income, i.e. interest income from Singapore Holding Companies or interest income arising from bank deposits placed with financial institutions. Unitholders will not be subject to Singapore income tax on distributions made out of EC World REIT's income that has been taxed at the Trustee's level. Accordingly, distributions made by EC World REIT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income. The tax exempt income component refers to the portion of the distribution that is made out of EC World REIT's Tax Exempt Income, i.e. one-tier dividends from the Singapore Holding Companies to EC World REIT. Unitholders are exempt from Singapore tax on distributions made by EC World REIT out of its Tax Exempt Income. No tax will be deducted at source from such distributions. The capital component refers to the capital receipts from the Singapore Holding Companies, i.e. the repayment of principal on shareholder's loan extended by EC World REIT to the Singapore Holding Company. This component of the distribution is treated as a "return of capital" for Singapore income tax purposes and will not be taxed in the hands of the Unitholders. For Unitholders who hold the Units as trading assets and are liable to Singapore income tax on gains arising from disposal of the Units, the amount of such distributions will be applied to reduce the cost of Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount (being the distributions made by EC World REIT out of its capital receipts) exceeds the cost of the Units, the excess will be subject to tax as trading income of such Unitholders. (See "Taxation" for further details.)
Termination of EC World REIT	EC World REIT can be terminated by either an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed or by the Manager or the Trustee under certain circumstances specified in the Trust Deed, for example, if EC World REIT is delisted permanently from the SGX-ST. (See "The Formation and Structure of EC World Real Estate Investment Trust – Termination of EC World REIT" for further details.)

Governing Law	The Trust Deed is governed by Singapore law.
Commission Payable by EC World REIT to the Joint Bookrunners and Underwriters	A maximum of 2.75% of the total proceeds of the Offering and the proceeds raised from the issuance of the Cornerstone Units. (See "Plan of Distribution – Issue Expenses" for further details.)
Risk Factors	**Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed under "Risk Factors".**

INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

Date and time		Event
21 July 2016, 9.00 a.m.	:	Opening date and time for the Public Offer.
26 July 2016, 12.00 noon	:	Closing date and time for the Public Offer.
27 July 2016	:	Balloting of applications under the Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price, if necessary.
28 July 2016, 2.00 p.m.	:	Commence trading on a "ready" basis.
2 August 2016	:	Settlement date for all trades done on a "ready" basis on 28 July 2016.

The above timetable is indicative only and is subject to change. It assumes:

- that the closing of the list of applicants subscribing for Units which are the subject of the Public Offer (the "**Application List**") is 26 July 2016;
- that the Listing Date is 28 July 2016;
- compliance with the SGX-ST's unitholding spread requirement; and
- that the Units will be issued and fully paid up prior to 2.00 p.m. on 28 July 2016.

All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a "ready" basis will commence at 2.00 p.m. on 28 July 2016 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a "ready" basis have been fulfilled).

If the Manager or the Trustee terminates EC World REIT under the circumstances specified in the Trust Deed prior to 2.00 p.m. on 28 July 2016 (being the time and date of commencement of trading in the Units through the SGX-ST), the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant's own risk and without any right or claim against EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the internet at the SGX-ST website: http://www.sgx.com; and

- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

For the date on which trading on a "ready" basis will commence, investors should monitor SGXNET, the major Singapore newspapers, or check with their brokers.

The Manager will provide details and results of the Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

The Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason, and no enquiry and/or correspondence on the decision of the Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is accepted or rejected in part only or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters.

Where an application is not successful, the refund of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant, is expected to be completed, at his own risk within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix F, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days (as defined herein) after the close of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix F, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in Appendix F, "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore").

The manner and method for applications and acceptances under the Placement Tranche will be determined by the Manager, the Issue Manager and the Joint Bookrunners and Underwriters.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table is only an extract from, and should be read together with "Unaudited Pro Forma Consolidated Financial Information", and the report set out in Appendix B, "Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information".

UNAUDITED PRO FORMA BALANCE SHEETS AS AT 31 DECEMBER 2015 AND AS AT THE LISTING DATE

	As at 31 December 2015 S$'000	As at Listing Date S$'000
ASSETS		
Current assets		
Cash and cash equivalents	15,041	91,417
Trade and other receivables	161,741	10,074
	176,782	101,491
Non-current assets		
Investment properties	1,303,443	1,303,443
	1,303,443	1,303,443
Total assets	**1,480,225**	**1,404,934**
LIABILITIES		
Current liabilities		
Trade and other payables	328,029	8,641
Deferred income	–	2,781
Borrowings	84,170	2,059
Current income tax liabilities	4,001	8,198
	416,200	21,679
Non-current liabilities		
Borrowings	194,031	391,195
Rental deposits	–	47,952
Deferred income	–	11,125
Deferred income tax liabilities	250,235	250,235
Government grant	724	724
	444,990	701,231
Total liabilities	**861,190**	**722,910**
Net assets attributable to Unitholders	**619,035**	**682,024**
Number of Units in issue ('000)		777,512
Net asset value per Unit (S$)(1)		0.88

Note:

(1) Based on the Offering Price of S$0.81 per Unit as at the Listing Date.

PROFIT FORECAST AND PROFIT PROJECTION

The following is only an extract from, and should be read with "Profit Forecast and Profit Projection". Statements contained in "Profit Forecast and Profit Projection" that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in "Profit Forecast and Profit Projection" and are subject to certain risks and uncertainties which could cause actual results to differ materially from the forecast or projected results of EC World REIT. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters or any other person, or that these results will be achieved or are likely to be achieved (See "Forward-looking Statements" and "Risk Factors" for further details). Prospective investors in the Units are cautioned not to place undue reliance on these forward-looking statements that are valid only as at the date of this Prospectus.

None of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters guarantees the performance of EC World REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on:

- ***the Offering Price; and***
- ***the assumption that the Listing Date is 1 June 2016.***

Such yields will vary accordingly if the Listing Date is not 1 June 2016, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The following table shows EC World REIT's forecast and projected statements of total return for Forecast Period 2016 and Projection Year 2017. The financial year end of EC World REIT is 31 December. The forecast and projected results for Forecast Period 2016 and Projection Year 2017 (the "**Profit Forecast and Profit Projection**") may be different to the extent that the actual date of issuance of Units is other than 1 June 2016, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Reporting Auditor, being PricewaterhouseCoopers LLP, and should be read together with the "Reporting Auditor's Report on the Profit Forecast and Profit Projection" set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in "Profit Forecast and Profit Projection".

Forecast and Projected Statements of Total Return

The forecast and projected statements of total return for EC World REIT are as follows:

(S$'000)	Forecast Period 2016 (1 June 2016 to 31 December 2016)	Projection Year 2017 (1 January 2017 to 31 December 2017)
Gross Revenue	53,560	90,451
Property operating expenses	(4,876)	(8,452)
Net Property Income	**48,684**	**81,999**
Finance income	2,095	5,550
Finance costs	(14,933)	(26,684)
Manager's base fee	(2,780)	(4,975)
Manager's performance fee	–	(430)
Trustee's fee	(178)	(317)
Trust and administrative expenses	(4,438)	(1,577)
Net income before tax	**28,450**	**53,566**
Tax expense	(7,552)	(13,919)
Total return after tax	**20,898**	**39,647**
Add: Distribution adjustments[1]	5,080	6,848
Amount available for distribution to Unitholders	**25,978**	**46,495**

	Forecast Period 2016	Projection Year 2017
Weighted average number of Units in issue ('000)[2]	778,549	783,247
Distribution rate	100%	100%
Distribution per Unit (S$ cents)	3.34	5.94
Offering Price (S$/Unit)	0.81	0.81
Distribution yield[3]	**7.1%**	**7.3%**

In the absence of the Master Leases, the DPU and the distribution yield would be 2.75 Singapore cents and 5.8% (annualised) for Forecast Period 2016 and 5.11 Singapore cents and 6.3% for Projection Year 2017.

Notes:

(1) Distribution adjustments include expenses relating to Manager's base fee and Manager's performance fee to be paid in Units, IPO expenses and stamp duty expensed off in Forecast Period 2016, amortisation of upfront debt issuance costs, Trustee's fees, the straight line effect of rental income and the accretion of security deposits.

(2) Weighted average number of Units in issue comprises the Units in issue and additional Units to be issued as a result of the payment of the Manager's base fee and the Manager's performance fee in Units.

(3) Distribution yield for the Forecast Period 2016 has been annualised.

Prospective investors should consider carefully, together with all other information contained in this Prospectus, the factors described below before deciding to invest in the Units. The risks described below are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Manager or which may not be material now but could turn out to be material in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on EC World REIT or impair the business operations of EC World REIT. The market price of the Units could decline due to any of these risks and Unitholders may lose all or part of their investment. In addition, this Prospectus does not constitute advice to investors relating to investing in the Units and investors should make their own judgment or consult their own investment advisers before making any investment in the Units.

This Prospectus also contains forward-looking statements (including profit forecasts and profit projections) that involve risks, uncertainties and assumptions. The actual results of EC World REIT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by EC World REIT as described below and elsewhere in this Prospectus.

As an investment in a REIT is meant to produce returns over the long-term, investors should not expect to obtain short-term gains.

Investors should be aware that the price of Units, and the income from them, may fall or rise. Investors should note that they may not get back their original investment.

Before deciding to invest in the Units, prospective investors should seek professional advice from their own investment or other advisers about their particular circumstances.

RISKS RELATING TO THE PROPERTIES

Hangzhou Chongxian Port Investment Co., Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd. (the "Chongxian Port Companies") had previously entered into bill financing transactions which were not compliant with the credit agreements entered into with the PRC banks, the Negotiable Instruments Law of the PRC (中华人民共和国票据法) (the "Negotiable Instruments Law") and other banking regulations promulgated by the People's Bank of China (the "PBOC").

The Chongxian Port Companies had previously entered into bill financing transactions with certain PRC commercial banks (the "**Endorsing Banks**") that involved the issuance of bank acceptance notes on the basis of transactions with no commercial substance. Such bill financing transactions did not comply with the terms of the credit arrangements, Article 10 of the Negotiable Instruments Law (which states that bank bills must be issued on the basis of actual underlying transactions) and other banking regulations promulgated by the PBOC (being Measures for the Implementation of Administration of Negotiable Instruments 《票据管理实施办法》and the Measures for Payment and Settlement 《支付结算办法》). Hangzhou Chongxian Port Investment Co., Ltd. has fully settled all its bank acceptance notes as of 13 January 2016. Hangzhou Chongxian Port Logistics Co., Ltd. has fully settled all its bank acceptance notes as of 31 August 2015. The Yuhang branch of the PBOC has confirmed that there has been no administrative penalties imposed on the Chongxian Port Companies in relation to their financing activities as of 31 August 2015, and there has been no other non-compliant activities under investigation which may cause any administrative penalties to be imposed on the Chongxian Port Companies as of 31 August 2015. The Yuhang sub-bureau of Hangzhou Public Security Bureau has also confirmed that as of 31 August 2015, there has been no criminal records in relation to financing activities of the Chongxian Port Companies, and there has been no criminal investigation or administrative penalties imposed on the Chongxian Port Companies in relation to the their financing activities.

The Chongxian Port Companies have also obtained confirmations from the Endorsing Banks that the Endorsing Banks have not suffered any losses or damages due to such non-compliant bill financing transactions as at the date of the confirmations and there has been no dispute or litigation as a result of such transactions. The Endorsing Banks have also confirmed that they will not assert any legal right or take any legal action against the Chongxian Port Companies in relation to the bill financing activities which the latter had conducted with them. Based on these confirmations, Beijing Jincheng Tongda & Neal, the legal adviser to the Manager as to PRC laws, and King & Wood Mallesons, the legal adviser to the Sole Financial Adviser, Global Coordinator and Issue Manager and Joint Bookrunners and Underwriters as to PRC laws (collectively, the "**PRC Legal Advisers**"), have advised that the Chongxian Port Companies' exposure to civil liability arising out of these transactions is very low.

Notwithstanding that confirmations have been obtained from the relevant authorities, there is no assurance that such authorities may not take retrospective actions against the Chongxian Port Companies for the non-compliant bill financing transactions. Therefore, if the relevant authorities were to take action against the Chongxian Port Companies for the non-compliant bill financing transactions, this could have a material adverse effect on the business, financial condition and results of operation of EC World REIT.

(See "Business and Properties – Non-Compliant Bill Financing Arrangements" for further details.)

Hangzhou Bei Gang Logistics Co., Ltd. owns the Stage 1 Properties and the land use right to the plot of land underlying Bei Gang Logistics, while the Sponsor owns the right of use and economic benefits of the Stage 2 Properties.

Hangzhou Bei Gang Logistics Co., Ltd. owns (i) the land use right to the plot of land underlying the development known as "Bei Gang Logistics" (which comprises the Stage 1 Properties and the Stage 2 Properties) and (ii) the building ownership certificate to the Stage 1 Properties. The Stage 1 Properties consist of eight completed income-producing buildings while the Stage 2 Properties consist of nine buildings which are under development. The building ownership certificate to the Stage 2 Properties is expected to be issued in the name of Hangzhou Bei Gang Logistics Co., Ltd. only after the construction works for the buildings are completed. As the entire plot of land is not divided into Stages 1 and 2, and the Manager does not intend for EC World REIT to undertake any property development activities in respect of the IPO Portfolio, EC World REIT has granted the right of use and economic benefits of the Stage 2 Properties to the Sponsor, who is undertaking the development, operation and management of the Stage 2 Properties. For the avoidance of doubt, the IPO Portfolio does not include the Stage 2 Properties.

The Sponsor has agreed to indemnify EC World REIT (including Hangzhou Bei Gang Logistics Co., Ltd. and its Singapore Holding Company) against, *inter alia*, any and all losses which it may suffer or incur which arises out of or in connection with the development, operation and/or management of the Stage 2 Properties by the Sponsor, as well as any and all losses which it may suffer or incur if the Sponsor were to develop, manage or operate the Stage 2 Properties in a manner which is non-compliant with the conditions of the land use right of the Bei Gang Logistics property, thereby resulting in the land authorities revoking the land use right and compulsorily acquiring the land and buildings of the Bei Gang Logistics property (or any part thereof). Notwithstanding that the Sponsor has provided an indemnity for the Stage 2 Properties, there is no assurance that Hangzhou Bei Gang Logistics Co., Ltd. (as the owner of the land use right to the entire plot of land) will be adequately compensated for any losses which it may suffer or incur arising from the development, operation and/or management of the Stage 2 Properties by the Sponsor.

(See "Business and Properties – The Stage 1 Properties of Bei Gang Logistics (北港物流一期) – Arrangement in relation to Bei Gang Logistics" for further details.)

Zhejiang Hengde Sangpu Logistics Co., Ltd. may be exposed to potential liability arising from its non-compliance with the relevant housing provident fund contribution laws and regulations in the PRC.

Based on the due diligence conducted on Zhejiang Hengde Sangpu Logistics Co., Ltd., the PRC Property Company did not apply for a Housing Provident Fund Certificate at the local Housing Provident Fund Management Center. It made contributions to the Housing Provident Funds for only four employees but did not pay such contributions for the remaining 208 employees before November 2015. Therefore, there are outstanding housing provident fund contributions for each of the years ended 31 December 2013, 2014 and 2015. For the year ended 31 December 2015, the outstanding amount of the potential liability is RMB450,000.

In this regard, the PRC Property Company has not complied with Article 4 of Administrative Regulations on the Housing Provident Fund of Zhejiang Province, which states that if an employer fails to register and establish an account for housing provident fund contribution for its employees, the relevant housing provident fund authority is entitled to order the employer to do so within a prescribed time limit, failing which a fine in the range of RMB10,000 to RMB50,000 will be imposed. Where payment has not been made after the expiration of the time limit, the relevant housing provident fund authority may apply to a local people's court for compulsory enforcement. If the relevant housing provident fund authority were to impose fines on the PRC Property Company, this could adversely affect the business, financial condition and results of operations of EC World REIT. The Sponsor has agreed to indemnify the PRC Property Company for any losses which it may incur arising from non-compliance with the relevant housing provident fund contribution requirements. Notwithstanding that the Sponsor has provided an indemnity for such non-compliance, there is no assurance that the PRC Property Company will be adequately compensated for any losses which it may suffer or incur arising from such historical non-compliance.

(See "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to the Housing Provident Fund Issues involving Zhejiang Hengde Sangpu Logistics Co., Ltd." for further details.)

There are on-going construction works at Chongxian Port Investment where part of its storage yard will be converted into a warehouse.

Hangzhou Chongxian Port Investment Co., Ltd. is currently undertaking construction works to convert part of Chongxian Port Investment's open-air storage yard into a sheltered warehouse. These construction works include reinforcement works for the underground structure and roofing works which were undertaken to enhance the Property.

As at the date of this Prospectus, the master lessee of Chongxian Port Investment, Hangzhou Fu Gang Supply Chain Co., Ltd., is the only user of the storage yard. Hangzhou Chongxian Port Investment Co., Ltd. shall continue to receive the contracted rental under the master lease agreement notwithstanding the on-going construction works undertaken to convert part of the storage yard into a warehouse. The construction works are expected to be completed by June 2016 with the completion acceptance to be issued by August 2016, but there is no assurance that such works will be completed in accordance with the expected timeline or to the satisfaction of EC World REIT.

The Sponsor has agreed to indemnify EC World REIT (including Hangzhou Chongxian Port Investment Co., Ltd. and its Singapore Holding Company) against, *inter alia*, any and all losses which it may suffer or incur which arises out of or in connection with the construction works by the Sponsor to convert part of Chongxian Port Investment's open-air storage yard into a sheltered warehouse. Notwithstanding that the Sponsor has provided an indemnity for such construction works, there is no assurance that Hangzhou Chongxian Port Investment Co., Ltd. will be

adequately compensated for any losses which it may suffer or incur arising from the construction works by the Sponsor to convert part of Chongxian Port Investment's open-air storage yard into a sheltered warehouse.

(See "Business and Properties – Chongxian Port Investment (崇贤港投资)" for further details.)

The properties of EC World REIT are closely linked to the e-commerce, supply-chain management and logistics trade sectors, and the performance of EC World REIT may be adversely affected by any decline in the growth and performance of such trade sectors in the PRC.

The principal focus of EC World REIT is to invest in properties that operate in the e-commerce, supply-chain management and logistics trade sectors, and in particular logistics infrastructure that support and complement the operations of e-commerce merchants. The success and sustainability of the performance of EC World REIT's properties could be affected by the following factors, among other things:

- competition from other market entrants such as logistics networks developed by other large e-commerce merchants; and
- changes in the PRC Government's policy in relation to e-commerce.

It may be difficult to diversify the investment portfolio to mitigate these risks. If the performance of EC World REIT's properties is affected by any of the above factors, this could adversely affect the business, financial condition and results of operations of EC World REIT.

EC World REIT may be adversely affected by economic and real estate market conditions, as well as changes in regulatory, fiscal and other governmental policies in the PRC.

The Properties are all located in Hangzhou, the PRC, and EC World REIT has an initial focus on the PRC. Therefore, EC World REIT's gross revenue and results of operations depend upon the performance of the PRC economy. An economic decline in the PRC could adversely affect EC World REIT's results of operations and future growth.

In addition, the PRC economy is affected by global economic conditions and is experiencing a gradual slowdown. These events could adversely affect EC World REIT insofar as they result in:

- a negative impact on the ability of the tenants to pay their rents in a timely manner or continue their leases, thus reducing EC World REIT's cash flow;
- a decline in the market values of the Properties;
- access to capital markets becoming more difficult, expensive or impossible resulting in a material adverse effect on EC World REIT's ability to obtain debt or equity capital to fund its operations, meet its obligations, purchase additional properties or otherwise conduct its business;
- an increase in counterparty risk (being the risk of monetary loss which EC World REIT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective agreements); and/or
- an increased likelihood that one or more of (i) EC World REIT's banking syndicates (if any) or (ii) EC World REIT's insurers, may be unable to honour their commitments to EC World REIT.

There is also uncertainty as to the strength of the global economy, the potential slowdown in consumer demand and the impact of the global downturn on the PRC economy.

The Properties may face increased competition.

The Properties are located in areas where other competing properties are present and new competing properties may be developed.

The income from and the market value of the Properties will be dependent on the ability of the Properties to compete for tenants. If, after the Offering, competing properties are more successful in attracting and retaining tenants or similar properties in their vicinity are substantially upgraded and refurbished, and are accordingly more successful in attracting and retaining tenants, the income from the Properties could be reduced thereby adversely affecting EC World REIT's cash flow and the amount of funds available for distribution to Unitholders will be adversely affected. (See "Business and Properties – Competitive Strengths" and "Business and Properties – Competition" for further details.)

The underlying land use rights of the Properties will expire within the period from 2052 to 2059 and if an extension to the land use right for any of the Properties is sought and obtained, there is uncertainty about the quantum of land grant premium which EC World REIT will have to pay and additional conditions which may be imposed.

The Properties are directly held under the land use right granted by the PRC Government, which will expire within the period from 2052 to 2059. According to the Law of the People's Republic of China on the Administration of the Urban Real Estate (中华人民共和国城市房地产管理法) effective from 30 August 2007, the grantee of the land use right of non-residential land shall apply for renewal at least 12 months prior to the expiry of the land use right, otherwise the land use right shall revert to the PRC Government upon expiry. If an application for extension is granted (and such grant shall be given by the PRC Government unless the land in issue shall be taken back for the purpose of public interests), the land user will be required to, among others, pay a land grant premium for the renewed land use right. If no application is made, or such application is not granted, or is granted on terms which are not commercially acceptable to EC World REIT, the relevant Property shall be dealt with in accordance with the land use right grant contract. There is no assurance that EC World REIT will be able to obtain an extension to the land use right. If the extension is not granted, the relevant Property would revert to the PRC Government upon expiry of the relevant land use right and EC World REIT would no longer own or derive income from the relevant Property. The value of the IPO Portfolio, and consequently the underlying asset value of the units, will be lost upon such surrender. This may affect the value of EC World REIT's portfolio and the underlying asset value of its Units, as well as its business, financial condition and results of operations of EC World REIT.

The Properties are subject to property taxes that may increase and thereby adversely affect EC World REIT's financial condition.

The Properties are subject to various taxes in connection with real estate (*i.e.* immovable) property in the PRC that may increase as tax rates increase or as taxable scope expands or when the property is assessed or re-assessed by the relevant authorities. Real estate tax is levied on owners of real estate properties which are located within certain specified areas in the PRC (*i.e.* the taxable area).

In addition, in the PRC, certain tax treatments where the prevailing PRC tax rules have not been clearly stated are subject to the discretion or practice of local tax bureaus on a case by case basis. Thus the amount of PRC taxes payable may vary. If the tax assessed in respect of the Properties

increases, the property taxes included in the relevant forecast and projection in "Profit Forecast and Profit Projection" may increase and the distributions of EC World REIT could be adversely affected.

(See "Taxation – PRC Taxation" and Appendix C, "Independent Taxation Report" for further details.)

Amenities and transportation infrastructure near the Properties may not be completed or implemented as planned, or may be closed, relocated, terminated or delayed.

There is no assurance that amenities, transportation infrastructure and public transport services near the Properties will be completed or implemented as planned, or will not be closed, relocated, terminated or delayed. If any such event were to occur, it could adversely impact the accessibility of the relevant Property and the attractiveness and marketability of the relevant Property to tenants which may have an adverse impact on the demand and rental rates for the relevant Property and EC World REIT's ability to make regular distributions to its Unitholders.

The Properties and future properties to be acquired by EC World REIT may require significant periodic capital expenditures beyond the Manager's estimates at the time of acquisition and EC World REIT may not be able to fund (or secure funding for) such capital expenditures.

In order to remain competitive, the Properties and future properties to be acquired by EC World REIT may require periodic capital expenditures beyond the Manager's estimates at the time of acquisition for refurbishment, renovation for improvements and development. EC World REIT may not be able to fund such capital expenditures solely from cash provided from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms or at all. If EC World REIT is not able to fund such capital expenditures, the attractiveness and marketability of its properties may be adversely affected.

EC World REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties or may suffer material losses in excess of insurance proceeds.

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters like earthquakes or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties. Certain risks, such as floods and losses caused by the outbreak of contagious diseases, contamination or other environmental impairment, may be uninsurable or the cost of procuring insurance coverage for such risks may not be economically viable.

Further, should an uninsured loss or a loss in excess of insured limits occur, EC World REIT could be required to compensate persons affected by such loss and/or lose the capital invested in the affected Property as well as anticipated future revenue from that Property as it may not be able to lease out or sell the affected Property and any financial obligations secured by such Property may be accelerated. There is no assurance that material losses in excess of insurance proceeds will not occur.

The Properties might be adversely affected if the Manager, the Property Manager or any other person appointed to manage the Properties is not qualified and/or does not provide adequate management and maintenance services to the Properties.

If the Manager, the Property Manager or any other person appointed to manage the Properties is not qualified and/or fails to provide adequate management and maintenance services to the Properties, the value of the Properties might be adversely affected and may also result in a loss

of tenants, thereby adversely affecting the ability of EC World REIT to make regular distributions to its Unitholders. In addition, if the property management agreement is terminated and EC World REIT is unable to obtain property management services from an alternative service provider in a timely manner or on competitive terms, EC World REIT could face a substantial disruption to its operations and increase in costs incurred for management of the relevant Property.

Under the Measures on Administration of Qualifications of Property Service Enterprises (物业服务企业资质管理办法), a property service enterprise shall apply for qualification with the competent authority according to the measures. The relevant authority will issue a qualified property service enterprise with a qualification certificate evidencing the qualification classification which is classified as the first, second and third grade with different requirements. No enterprise may conduct property service without such qualification. According to the above-mentioned measures, a newly-established property service enterprise is granted a temporary qualification for a period of one year. After one year, the property service enterprise shall apply for a qualification certificate based on the requirements it has actually satisfied. The Manager holds a capital markets services licence for REIT management and the Property Manager is qualified to provide lease management and property management services to the IPO Portfolio. Where the Property Manager and/or any person appointed to provide services to the Properties fails to obtain the relevant qualification certificate, the operations of the Properties might be materially affected if the Property Manager and/or such service provider ceases to provide its services and a replacement cannot be appointed in time.

Renovation or redevelopment works or physical damage to any of the Properties may disrupt the operations of the affected Property and collection of rental income or otherwise result in adverse impact on the financial condition of EC World REIT.

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties. Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the buildings age. The business and operations of a Property may suffer some disruption, and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to a Property resulting from fire or other causes may lead to a significant disruption to the business and operation of such Property and, together with the foregoing, may impose unbudgeted costs on EC World REIT and result in an adverse impact on the financial condition and results of operations of EC World REIT and its ability to make distributions.

EC World REIT could incur significant costs or liability related to environmental matters concerning its properties.

EC World REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods, in the jurisdictions where its properties are located. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, EC World REIT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate contamination, air pollution, noise pollution or dangerous goods may expose EC World REIT to liability or materially adversely affect its ability to sell or lease the real property or to borrow using the real property as collateral. Accordingly, if the Properties are affected by contamination or other environmental effects which

are not previously identified and/or rectified, EC World REIT risks prosecution by environmental authorities and may be required to incur unbudgeted capital expenditure to remedy such issue and the financial position of tenants may be adversely impacted, affecting their ability to trade and to meet their tenancy obligations.

The due diligence exercise on the Properties and their existing holding structures, tenancies, buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies.

The Manager believes that reasonable due diligence investigations with respect to the Properties and their existing holding structures (which include the PRC Property Companies) have been conducted prior to EC World REIT's acquisition of the PRC Property Companies and that based on the due diligence commissioned by the Manager, no material defects or deficiencies were found. However, there is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair or maintenance expenses) or be affected by breaches of laws and regulations. Such defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable levels of expenditure which may have a material adverse effect on EC World REIT's earnings and cash flows.

Beijing Jincheng Tongda & Neal has conducted due diligence on the PRC Property Companies using public resources such as National Enterprise Credit Information System (全国企业信用信息公示系统) and the website of China Judgment Documents (中国裁判文书网). While there are no material deficiencies in relation to these public resources, there is no assurance that the information and materials on these websites are up-to-date and complete. Therefore, the due diligence exercise on the PRC Property Companies may not have identified all breaches of laws and regulations and other deficiencies in respect of such companies.

Losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flow.

Design, construction or other latent property or equipment defects in the Properties may require additional capital expenditure, special repair, maintenance expenses or the payment of damages or other obligations to third parties. Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on EC World REIT's earnings and cash flows. The costs of maintaining the Properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the Properties age. The business and operation of the Properties may be disrupted as a result of asset enhancement works and it may not be possible to collect the full rate of, or, as the case may be, any rental income on the space affected by such asset enhancement works. In addition, statutory or contractual representations, warranties and indemnities given by any seller of real estate properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

The appraisals of the Properties are based on various assumptions and the price at which EC World REIT is able to sell such Properties in the future may be different from the initial acquisition value.

There can be no assurance that the assumptions on which the appraisals of the Properties are, or will be, based are accurate measures of the market, and the values may be evaluated inaccurately. The Independent Valuers may have included a subjective determination of certain factors relating to a Property such as its relative market position, financial and competitive strengths, and physical condition and, accordingly, the valuation of a Property (which affects the NAV per Unit) may be subjective and prove incorrect.

The valuation of any Property does not guarantee a sale price at that value at present or in the future. The price at which EC World REIT may sell a Property may be lower than its purchase price or the anticipated sale price projected at the time of acquisition.

RISKS RELATING TO EC WORLD REIT'S OPERATIONS

EC World REIT is dependent on the master lessees of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse for rental payments.

The contribution of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse to the Gross Rental Income of EC World REIT is 71.4% of the overall IPO Portfolio's Gross Rental Income for Forecast Period 2016. Therefore, EC World REIT is dependent on rental payment from the master lessees in respect of these three assets, as EC World REIT does not directly operate these three assets or lease them directly to the sub-lessees. If a significant number of sub-lessees do not renew their leases with the master lessees, and no replacement sub-lessees are found, the master lessees' ability to pay rental under the master lease agreements may be adversely affected. Therefore, EC World REIT's revenue and ability to make distributions to Unitholders will depend upon the master lessees' ability to pay rental under the master lease agreements.

In addition to leasing spaces in the Properties to the sub-lessees, the master lessees of the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse may also provide services to the sub-lessees. Hangzhou Fu Gang Supply Chain Co., Ltd., the master lessee of Chongxian Port Investment, is a professional provider of supply chain solutions focusing on the steel materials market. Hangzhou Fuyang Yunton E-Commerce Co., Ltd., the master lessee of Fu Heng Warehouse, is a provider of third party warehousing services and an operator of integrated logistics services for e-commerce activities. If these master lessees terminate the master leases prematurely or do not enter into new leases with EC World REIT upon the expiry of the master leases, this may also adversely affect the Properties' ability to attract new tenants or retain the existing sub-lessees as tenants.

In addition, the amount of security deposit payable by each of the master lessees is equivalent to 12 months' rental fee (either in the form of cash and/or banker's guarantee). Notwithstanding that the Sponsor will provide a corporate guarantee for the relevant master leases, there can be no assurance that each of the master lessees will have sufficient assets, income and access to financing in order to enable it to satisfy its obligations under the respective master leases or that the Sponsor will be able to satisfy its obligations under the corporate guarantees. If the master leases are terminated prematurely, this may affect the level of the rental income received by EC World REIT from the IPO Portfolio. There is no assurance that the Properties under the master leases will be able to command the same or higher rental rates compared to those under the master lease agreements upon the termination or expiration of the master lease agreements and this could have a material adverse effect on the business, financial condition and results of operation of EC World REIT.

(See "The Sponsor" for further details on the Sponsor and "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Master Lease Agreements" and "– Corporate Guarantees" for further details.)

EC World REIT is subject to the risk of non-renewal, non-replacement or early termination of leases, and the loss of major tenants or a significant number of tenants of any of the Properties, or a downturn in the businesses of major tenants or a significant number of tenants, could have an adverse effect on the business, financial condition and results of operations of EC World REIT.

For the month of December 2015, the top 10 tenants of the IPO Portfolio by Gross Revenue contributed 96.6%[1] of the Gross Rental Income of EC World REIT. As such, EC World REIT's financial condition and results of operations and capital growth may be adversely affected by the bankruptcy, insolvency or downturn in the businesses of one or more of the major tenants (particularly for the relevant Properties which are master leased or leased to a single tenant) or a significant number of tenants of any of the Properties, as well as the decision by one or more of these tenants not to renew its lease at the end of a lease cycle or terminate its lease before it expires. If a major tenant or a significant number of tenants terminate their leases or do not renew their leases at expiry, it may be difficult to secure replacement tenants at short notice and could result in periods of vacancy. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than the current leases. Although the rental deposit is forfeited for early termination of leases, the forfeited rental deposit may not be able to cover the loss in rental income if the amount of rent and terms on which the replacement leases are agreed are less favourable than the terminated leases. If replacement tenants cannot be found in a timely manner or on terms acceptable to the Manager, there is likely to be a material adverse effect on the Properties, which could adversely affect the business, financial condition and results of operations of EC World REIT.

Any breach by the major tenants (including the master lessees) of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on EC World REIT.

In the event that any major tenants of EC World REIT (including the master lessees of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse) are unable to pay their rent or breach their obligations under the lease agreements, the level of distributable income may be adversely affected. The performance of the major tenants' other businesses could also have an impact on their ability to make rental payments to EC World REIT.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with its competitors;
- in the instance where such major tenants have sub-leased the Properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

---

1 This assumes that the Master Leases for Chongxian Port Investment and Fu Heng Warehouse are in place. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015.

EC World REIT's ability to make distributions to Unitholders is dependent on many factors, including the financial position of EC World REIT as a whole and the application of and interpretation of PRC laws and regulations.

EC World REIT's Properties are held via the Singapore Holding Companies through the PRC Property Companies and EC World REIT will, directly or indirectly, receive dividend payments and other distributions from the PRC Property Companies (which hold the Properties) and the Singapore Holding Companies. In order to meet its payment obligations and to make distributions to the Unitholders, EC World REIT will rely on the receipt of dividends from the PRC Property Companies and the Singapore Holding Companies, interests on shareholder's loans (if any) extended by EC World REIT to the Singapore Holding Companies, principal repayment of shareholder's loans (if any) extended by EC World REIT to the Singapore Holding Companies and/or draw down under the debt facilities put in place by EC World REIT.

There can be no assurance that the Singapore Holding Companies or the PRC Property Companies will have sufficient distributable or realised profits or cash in any future period to support the payment of distributions to Unitholders. The level of profit or cash in the Singapore Holding Companies or PRC Property Companies available to support the payment of distributions to Unitholders may be affected by a number of factors including, among other things:

- their respective business and financial positions;

- the availability of profits of the PRC Property Companies. For example, under current provisions in PRC company law, a wholly-owned foreign enterprise ("**WFOE**"), before distributing its after-tax profits for a given year is required to allocate 10.0% of that year's profits to a statutory common reserve so long as the aggregate amount of such reserve is less than 50.0% of its registered capital.[1] There is no assurance that these thresholds will not be increased in future to adversely affect the level of distributable profits of the PRC Property Companies;

- insufficient cash flows received by the PRC Property Companies from the Properties;

- changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), real estate and taxation laws and regulations, laws and regulations in respect of foreign exchange and repatriation of funds, corporation laws and regulations (including laws and regulations in respect of statutory reserves required to be maintained by the PRC Property Companies);

- trapped cash in the PRC Property Companies (including that relating to depreciation of real estate being a mandatory accounting expense and other relevant non-cash expense items which reduce the accounting profits under PRC accounting standards) which cannot be effectively utilised;

- the application and interpretation of real estate, taxation, security, foreign exchange and/or other laws and regulations which may affect the amount of cash available to make distributions to Unitholders. While no material risks are currently anticipated from previous practice, the application and interpretation of applicable PRC laws and regulations may be subject to change. There can be no assurance that the application and interpretation of applicable laws and regulations in the future will not preclude the aforementioned arrangements undertaken by EC World REIT in respect of the PRC Property Companies, or

---

1 As at the Latest Practicable Date, the statutory common reserve of each of these PRC Property Companies is less than 50.0% of its registered capital. Therefore each PRC Property Company is required to allocate 10.0% of its after-tax profit to its reserve fund until its reserve exceeds 50.0% of its registered capital.

assurance that the application and interpretation of applicable laws and regulations in the future will not adversely affect the amount of cash available for distribution by EC World REIT;

- operating losses incurred by the PRC Property Companies in any financial year; and
- losses arising from a revaluation of the Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the PRC Property Companies may distribute dividends.

The occurrence of these or other factors that affect the ability of the PRC Property Companies and the Singapore Holding Companies to pay dividends and/or other distributions would adversely affect the level of distributions paid to Unitholders.

(See "Distributions" for further details.)

The Sponsor ROFR or the ZGB ROFR will be terminated if the conditions to any of these ROFRs remaining in full force and effect are not satisfied.

To facilitate EC World REIT's acquisition growth, the Sponsor has granted the Sponsor ROFR to EC World REIT. However, the rights under the Sponsor ROFR are granted to EC World REIT subject to certain conditions. Where the Sponsor and/or any of its related corporations, alone or in aggregate, cease to remain as a controlling unitholder[1] of EC World REIT, the Sponsor ROFR will be terminated. This may adversely affect EC World REIT's pipeline of future acquisitions.

Mr Zhang Guobiao has granted a ROFR to EC World REIT. Similarly, the rights under the ZGB ROFR are granted to EC World REIT subject to certain conditions. If the conditions in the ZGB ROFR are not satisfied, EC World REIT would not be able to rely on the ZGB ROFR and this could also affect its pipeline of future acquisitions.

(See "Certain Agreements Relating to EC World REIT and the Properties – Sponsor Right of First Refusal" and "– ZGB Right of First Refusal" for further details.)

If the Manager's capital market services licence for REIT management ("CMS Licence") is cancelled or the authorisation of EC World REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of EC World REIT will be adversely affected.

The CMS Licence issued to the Manager is subject to conditions and is valid unless otherwise cancelled. If the CMS Licence of the Manager is cancelled by the MAS, the operations of EC World REIT will be adversely affected, as the Manager would no longer be able to act as the manager of EC World REIT.

EC World REIT was authorised as a collective investment scheme on 20 July 2016 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of EC World REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

---

1 A "**controlling unitholder**" in relation to a REIT means:

(i) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the REIT; or

(ii) a person who in fact exercises control over the REIT.

The amount EC World REIT may borrow is subject to the aggregate leverage limit set out in the Property Funds Appendix, which may affect the operations of EC World REIT.

Under the Property Funds Appendix, EC World REIT is permitted to borrow up to 45.0% of the value of the Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). As at the Listing Date, EC World REIT is expected to have gross borrowings of S$405.9 million, with its total borrowings and deferred payments (if any) as a percentage of the Deposited Property (the "**Aggregate Leverage**") of approximately 28.9% based on the Offering Price.

EC World REIT may, from time to time, require further debt financing to achieve its investment strategy. In the event that EC World REIT decides to incur additional borrowings in the future, EC World REIT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to EC World REIT's existing asset portfolio or in relation to EC World REIT's acquisitions to expand its portfolio;
- a decline in the value of the Deposited Property may cause the borrowing limit to be exceeded, thus affecting EC World REIT's ability to make further borrowings;
- an inability of the PRC Property Companies to provide security for the borrowings by EC World REIT under the PRC laws and regulations; and
- cash flow shortages (including with respect to distributions) which EC World REIT might otherwise be able to resolve by borrowing funds.

EC World REIT may face risks associated with debt financing and its debt facilities and the debt covenants could limit or affect EC World REIT's operations.

EC World REIT has put in place certain debt facilities on the Listing Date. EC World REIT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing, and therefore to make distributions to Unitholders. (See "Capitalisation and Indebtedness" for further details.)

EC World REIT will distribute 100.0% of its Distributable Income for Forecast Period 2016 and Projection Year 2017 and at least 90.0% of its Distributable Income thereafter. As a result of this distribution policy, EC World REIT may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. EC World REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. The ability of EC World REIT to obtain additional debt or equity financing or both is dependent on a number of factors outside its control such as local and global economic conditions, capital and credit market and political stability. There is no assurance that such financing will be available on acceptable terms or at all.

If EC World REIT defaults under its debt facilities, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided. EC World REIT's debt facilities may also contain cross-default provisions, such that if it defaults under a facility, it shall also be in default under a separate facility, thereby allowing lenders of both facilities to call on EC World REIT for repayment.

If EC World REIT's property is mortgaged in the future, such property could be foreclosed by the lenders or the lenders could require a forced sale of the property and utilise the proceeds therefrom to repay the principal and interest under the debt facilities, which will result in a loss of income and asset value to EC World REIT.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, EC World REIT will not be able to pay distributions at expected levels to Unitholders or to repay all maturing debt.

EC World REIT may be subject to the risk that the terms of any refinancing undertaken (which may arise from a change of control provision) will be less favourable than the terms of the original borrowings. The triggering of any of such covenants may have an adverse impact on EC World REIT's financial condition.

EC World REIT's level of borrowings represents a higher level of gearing as compared to certain other types of unit trusts, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. If prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make property loans) result in higher interest rates, the interest expense relating to such refinanced indebtedness would increase, thereby adversely affecting EC World REIT's cash flow and the amount of funds available for distribution to the Unitholders.

Neither EC World REIT nor the Manager has a long established operating history.

EC World REIT was constituted as a private trust on 5 August 2015, and the Manager was incorporated on 14 May 2015. Neither EC World REIT (as a REIT) nor the Manager (as the manager of EC World REIT) has sufficient operating histories by which their past performance may be judged. The lack of a long established operating history will make it more difficult for investors to assess EC World REIT's future performance. There is no assurance that EC World REIT will be able to generate sufficient revenue from operations to make distributions or that such distributions will be in line with those set out in "Profit Forecast and Profit Projection".

The Manager may not be able to successfully implement its investment strategy for EC World REIT.

There is no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand EC World REIT's portfolio at any specified rate or to any specified size. The Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

EC World REIT faces active competition in acquiring suitable properties. EC World REIT's ability to make new property acquisitions under its acquisition growth strategy may thus be adversely affected. Even if EC World REIT were able to successfully acquire property or investments, there is no assurance that EC World REIT will achieve its intended return on such acquisitions or investments.

In addition, EC World REIT's investment strategy of principally investing, 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, involves a higher level of risk as compared to a portfolio which has a more diverse range of investments.

Since the amount of borrowings that EC World REIT can incur to finance acquisitions is limited by the aggregate leverage limit in the Property Funds Appendix, such acquisitions are likely to be largely dependent on EC World REIT's ability to raise equity capital. This may result in a dilution of Unitholders' holdings.

Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, e-commerce and logistics companies and private investment funds. There is no assurance that EC World REIT will be able to compete effectively against such entities.

EC World REIT's potential acquisitions of the Sponsor ROFR properties may require third party consents and there can be no assurance that such third parties will give such consent. For example, consents from regulatory authorities, financial institutions pursuant to covenants against sale or mortgages under the financing terms may not be obtained at all or on terms that are satisfactory to EC World REIT.

(See "Risk Factors – Risks relating to the PRC – There is uncertainty in relation to MOFCOM approval when a disposal is made to EC World REIT in accordance with the ROFR." for further details)

Acquisitions may not yield the returns expected and may result in disruptions to EC World REIT's business and strain of management resources.

Acquisitions may cause disruptions to EC World REIT's operations and divert management's attention away from day-to-day operations. Newly acquired properties may require significant management attention that would otherwise be devoted to EC World REIT's ongoing business. Therefore, EC World REIT's acquisition growth strategy and its asset selection process may not be successful and may not provide positive returns to Unitholders.

EC World REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

EC World REIT's performance depends, in part, upon the continued service and performance of the executive officers of the Manager (the "**Executive Officers**", and each an "**Executive Officer**") (See "The Manager and Corporate Governance – The Manager of EC World REIT – Executive Officers of the Manager" for details of the Executive Officers). These key personnel may leave the Manager in future and take up subsequent positions at entities which may compete with the Manager and EC World REIT. If any of the Executive Officers were to leave, the Manager will need time to search for a replacement and the duties which have been performed by the Executive Officer may be affected. The loss of any of these key personnel could have a material adverse effect on the financial condition and the results of operations of EC World REIT.

EC World REIT may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against EC World REIT and/or its subsidiaries relating to property management and disputes over tenancies may arise from time to time. There can be no assurance that EC World REIT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operation or cash flow of EC World REIT.

The PRC Property Companies are regulated by various government authorities and regulations in the PRC. If in future any government authority believes that the PRC Property Companies or any of their tenants are not in compliance with the regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize the properties, enjoin future action or (in

the case of the PRC Property Companies not being in compliance with the regulations), assess civil and/or criminal penalties against the PRC Property Companies, its officers or employees. Any such action by the government authority would have a material adverse effect on the business, financial condition and results of operations or cash flow of EC World REIT.

Possible change of investment strategies may adversely affect Unitholders' investments in EC World REIT.

The Manager may from time to time amend the investment strategies of EC World REIT if it determines that such change is in the best interests of EC World REIT and its Unitholders without seeking Unitholders' approval. In the event of a change of investment strategies, the Manager may, subject to the relevant laws, regulations and rules (including the Listing Manual), alter such investment strategies upon the expiry of three years from the Listing Date, provided that it has given not less than 30 days' prior notice of the change to the Trustee and Unitholders by way of an announcement on the SGX-ST. The methods of implementing EC World REIT's investment strategies may vary as new investment and financing techniques are developed or otherwise used. Such changes may adversely affect Unitholders' investment in EC World REIT.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition and results of operations of EC World REIT.

In 2003, Hong Kong, Taiwan, the PRC, Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome ("**SARS**"), which adversely affected the Asian economies, including the Hong Kong and PRC economies. The property sector was one of the sectors that experienced poor performance during the SARS outbreak. In late 2003 and June 2004, outbreaks of avian influenza occurred in a number of countries in Asia. In 2005 and 2006, such outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Some of these outbreaks severely affected the poultry and related industries and, in addition, several cases of bird-to-human transmission of avian influenza were reported in various countries. In June 2007, World Health Organisation reported new cases of human infection of avian influenza (H5N1) in the PRC and Indonesia. In 2009, outbreaks of Influenza A (H1N1-2009) occurred in a number of countries across the world including Hong Kong and the PRC. In 2014, outbreaks of Ebola occurred in certain parts of Africa and had spread to other parts of the world. In 2015, several countries in Asia and the Middle East suffered from the outbreak of the Middle East respiratory syndrome ("**MERS**").

There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

The outbreak of an infectious disease such as Influenza A (H1N1-2009), avian influenza, SARS or MERS in Asia (including the PRC) and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia and could thereby adversely impact the revenues and results of EC World REIT. These factors could materially and adversely affect the business, financial condition and the results of operations of EC World REIT.

Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the Properties.

Acts of God, such as natural disasters (including earthquakes), and severe environmental pollution (including severe smog), are beyond the control of EC World REIT or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. EC World REIT's business and income available for distribution may be adversely

affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Properties and hence EC World REIT's income available for distribution.

EC World REIT's investment strategy may entail a higher level of risk as compared to other types of unit trusts that have a more diverse range of investments.

EC World REIT's 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, will subject EC World REIT to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of unit trusts that have a more diverse range of investments in other sectors.

A concentration of investments in real estate exposes EC World REIT to the risk of a downturn in the property market, stemming from an economic slowdown of such jurisdiction. The renewal of leases in EC World REIT's properties will depend, in part, upon the success of the tenants. Any economic downturn may cause higher levels of non-renewals of leases or vacancies as a result of failures or defaults by tenants or the market pressures exerted by an increase in available commercial space. There can be no assurance that the tenants of EC World REIT's properties will renew their leases or that the new lease terms will be as favourable as the existing leases. In the event that a tenant does not renew its lease, a replacement tenant or tenants would need to be identified, which could subject EC World REIT's properties to periods of vacancy and/or costly refittings, during which periods EC World REIT could experience reductions in rental income.

Such downturns may lead to a decline in occupancy for properties or real estate-related assets in EC World REIT's portfolio. This will affect EC World REIT's rental income from the Properties, and/or lead to a decline in the capital value of EC World REIT's portfolio, and/or on the results of operations and the financial condition of EC World REIT and the ability of EC World REIT to make regular distributions to its Unitholders may be adversely affected.

EC World REIT's investments in corporate bonds may not yield the expected returns.

EC World REIT may invest in corporate bonds subject to the restrictions and requirements in the Property Funds Appendix, but such bond investments may not be able to achieve their expected returns due to market volatility or default by the bond issuers.

In the event that EC World REIT's bond investments (which were made using the security deposits of approximately RMB300.0 million from the Master Leases) are unable to achieve their expected return, EC World REIT may not be able to refund the security deposit amounts to the master lessees upon the termination of the Master Leases. (See "Profit Forecast and Profit Projection – Assumptions – Finance Income – Investment in Corporate Bonds" for further details.)

EC World REIT may not be able to control or exercise any influence over entities in which it has minority interests.

Subject to compliance with the requirements in the Property Funds Appendix on joint investments, EC World REIT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that EC World REIT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to EC World REIT, other than the rights which EC World REIT is required to have under the Property Funds Appendix. Such entities may develop objectives, which are different from those of EC World REIT and may

not be able to make any distribution. The management of such entities may make decisions which could adversely affect the operations of EC World REIT and its ability to make distributions to Unitholders.

The Manager's strategy to initiate asset enhancement on EC World REIT's properties from time to time may not materialise.

The Manager may from time to time initiate asset enhancement on EC World REIT's properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

EC World REIT may engage in hedging transactions, which can limit gains and increase exposure to losses, and not offer full protection against interest rate and exchange rate fluctuations.

EC World REIT may enter into hedging transactions to protect itself or its portfolio from, among others, the effects of interest rate and currency exchange fluctuations on floating rate debt and interest rate and prepayment fluctuations. Hedging transactions may include entering into interest rate hedging instruments, purchasing or selling futures contracts, purchasing put and call options or entering into forward agreements.

These hedging activities may not have the desired beneficial impact on the results of operations or financial condition of EC World REIT. No hedging activity can completely insulate EC World REIT from risks associated with changes in interest rates and exchange rates, and changes in foreign exchange rates, for example, may negatively affect EC World REIT's asset value. Moreover, interest rate hedging could fail to protect EC World REIT or adversely affect EC World REIT because among others:

- the available hedging may not correspond directly with the risk for which protection is sought;
- the duration or nominal amount of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs EC World REIT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments and the significant loss in value of hedging instruments due to a write down to fair value would reduce the NAV of EC World REIT.

In addition, hedging activities involve risks and transaction costs, which may reduce overall returns and possibly limit the amount of cash available for distribution to Unitholders. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. The Manager will regularly monitor the feasibility of engaging in such hedging transactions, taking into account the cost of such transactions.

(See "Strategy – Capital and Risk Management Strategy" for further details.)

There is no assurance that EC World REIT will be able to leverage on the Sponsor's experience in the operation of the Properties.

Pursuant to the conditions of the Sponsor ROFR, if the Sponsor and/or any of its related corporations, alone or in aggregate, cease to remain as a controlling unitholder of EC World REIT, the Sponsor ROFR will be terminated. Therefore, if the Sponsor decides to transfer or dispose of its Units such that the Sponsor ROFR falls away, EC World REIT may no longer be able to leverage on:

- the Sponsor's experience in the ownership and operation of e-commerce and/or logistics properties; or
- the Sponsor's financial strength, market reach and network of contacts to further its growth.

In such an event, EC World REIT may not be able to benefit from the range of corporate services which are available to owners of properties managed by the Sponsor. This may have a material and adverse impact on EC World REIT's results of operations and financial condition which may consequently affect its ability to make distributions to its Unitholders.

The removal or retirement of the Manager and/or the Property Manager could have an adverse effect on the financial condition and results of operations of EC World REIT.

The Manager is responsible for, among other things, formulating and executing EC World REIT's investment strategy and making recommendations to the Trustee on the acquisition and disposal of commercial assets (See "Overview – Structure of EC World Real Estate Investment Trust – The Manager" for further details). The Property Manager will be appointed to provide, among other things, property and lease management services, property maintenance and repair services and marketing services (See "Overview – Structure of EC World Real Estate Investment Trust – The Property Manager" for further details). As such, EC World REIT's financial condition, results of operations and ability to make distributions to Unitholders will depend on the performance of the Manager and the Property Manager.

Under the Trust Deed, the Manager may be removed by the Trustee upon the occurrence of certain events, including the passing of a resolution by a majority consisting of more than 50.0% of the total number of votes (with no participants being disenfranchised) at a meeting of Unitholders duly convened and held (See "The Manager and Corporate Governance – Retirement or Removal of the Manager" for further details). Under the Master Property Management Agreement, the Trustee or the Manager may also terminate the appointment of the Property Manager on the occurrence of certain specified events, including the liquidation or cessation of business of the Property Manager (See "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Individual Property Management Agreement" for further details). Upon the retirement and/or removal of the Manager and/or the Property Manager, the replacement of the manager of EC World REIT and/or the property manager of the properties of EC World REIT generally on satisfactory terms may not occur in a timely manner, and may adversely affect the financial condition and results of operations of EC World REIT.

RISKS RELATING TO THE PRC

EC World REIT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations.

The revenue received from each of the Properties is in RMB, which has to be converted into Singapore dollars for the distribution payments at EC World REIT's level. Accordingly, EC World REIT is exposed to risks associated with exchange rate fluctuations which may adversely affect EC World REIT's results of operations.

The value of RMB against foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The value of the distributions received by a Unitholder may be adversely affected by fluctuations in the exchange rates between RMB, the Singapore dollar and any other currencies which may be adopted from time to time. Significant fluctuations in the exchange rates between such currencies will also, among others, affect the NAV of the Units, amount of distribution to Unitholders and the foreign currency value of the proceeds which a Unitholder would receive upon sale of the Units in Singapore.

Conversion of RMB is subject to strict government regulation in the PRC. Under the existing foreign exchange regulations in the PRC, following completion of the Offering, each of the PRC Property Companies will be able to pay dividends in foreign currencies without prior approval from State Administration of Foreign Exchange ("**SAFE**") by complying with certain procedural requirements.[1] However, there is no assurance that the said policies regarding payment of dividends in foreign currencies will continue in the future. EC World REIT's investments may be adversely affected by one or more of the following:

- when approvals are required in the future or there are delays in granting or a refusal to grant any such approval;
- a revocation or variation of consents granted prior to the investments being made; or
- when new restrictions are imposed.

(See "Distributions" and "Exchange Rate Information and Exchange Controls" for further details.)

The PRC Government has implemented property control measures in relation to the PRC property market.

Increasing speculation in the PRC property market may result in rapid increases in property prices. To discourage speculation in the PRC property market, the PRC Government has, among other things, implemented the control measures below.

On 7 January 2010, the State Council issued the Notice of the State Council Office Regarding the Promotion of Stable and Healthy Development of the Real Estate Market (国务院办公厅关于促进房地产市场平稳健康发展的通知) (Guo Ban Fa [2010] No. 4), which requires the local governments at all levels to strengthen the real estate credit risk management, to rectify the property market, and to intensify its efforts to promote the healthy development of the property market through supporting reasonable housing consumption, curbing speculative investment and increasing effective supply.

On 17 April 2010, the State Council issued the Notice of the State Council Regarding Curtailment of the Excessively Prompt Increase in Property Prices in Certain Cities (国务院关于坚决遏制部分城市房价过快上涨的通知) (Guo Ban Fa [2010] No. 10), which increased the minimum down-payment ratio for second homes from 40.0% to 50.0%. The State Council also required mortgage banks to strictly adhere to the policy of charging mortgage rates for second homes at no less than 110.0% of the corresponding benchmark lending rate. The State Council required banks in cities with significant property price increases to stop lending to buyers of third properties. Banks can also suspend mortgage lending to non-local residents who cannot provide tax returns or proof of social security contributions for more than one year. The State Council also authorised local governments to restrict the number of properties an individual can buy.

---

1 As at the date of this Prospectus, all the PRC Property Companies have completed their registration with SAFE, except for Hangzhou Chongxian Port Logistics Co., Ltd. of which such requirement is not applicable because it is a wholly-owned subsidiary of Hangzhou Chongxian Port Investment Co., Ltd..

On 26 January 2011, the General Office of the State Council issued the Notice on Issues Concerning Further Properly Regulating and Controlling the Real Estate Market (国务院办公厅关于进一步做好房地产市场调控工作有关问题的通知) (Guo Ban Fa [2011] No. 1), which further increased the minimum down-payment ratio for second homes from 50.0% to 60.0%. The State Council also authorised branches of the PBOC to raise the down-payment ratio and mortgage rate for second homes in light of objectives and policies of local governments.

On 26 February 2013, the General Office of the State Council issued the Circular on Continuing the Regulation of Real Estate Market (国务院办公厅关于继续做好房地产市场调控工作的通知) (Guo Ban Fa [2013] No. 17), which required the taxation departments to levy the individual income taxes from the selling of self-owned houses in the amount of 20.0% of incomes that are earned through transfers in accordance with the law.

So far, the PRC Government has placed emphasis on regulating investments in the residential property market given that this relates closely to people's livelihoods. While these regulations and policies do not have any material impact on the commercial property market from a legal point of view, more funds may turn to the commercial property market and cause it to overheat as investments in residential property are burdened by these regulations and policies. In such cases, there is no assurance that the PRC Government will not extend such control measures to regulate commercial properties. Although various control measures are intended to promote more balanced property developments in the long-term, these measures could adversely affect the development and sales of the Properties or any later acquisition of properties in the PRC. In addition, there is no assurance that the PRC Government will not introduce additional measures from time to time to regulate the growth of the PRC property market. The continuation of the existing measures and the introduction of any new measures may materially and adversely affect EC World REIT's business, financial condition and results of operations.

EC World REIT may be subject to extensive PRC regulatory control on foreign investment in the real estate sector in future.

The PRC Government has promulgated a number of regulations and rules regulating foreign investment in the real estate sector. (See "Overview of Relevant Laws and Regulations in the People's Republic of China" for further details.)

On 11 July 2006, the Ministry of Construction of the PRC (the "**Ministry of Construction**"), the Ministry of Commerce of the Government of the PRC (the "**MOFCOM**"), the NDRC, the PBOC, the State Administration for Industry and Commerce of the PRC (the "**SAIC**"), and the SAFE promulgated the Opinions on Regulating the Access by and Administration of Foreign Investment in the Real Estate Market (关于规范房地产市场外资准入和管理的意见) (the "**Opinions**"). According to the Opinions, foreign investors for commercial purposes shall set up foreign-invested enterprises ("**Project Companies**") to develop and/or operate the property and pay for land grant premium in order to replace the interim Approval Certificate for Foreign Investment and interim Business Licence of the Project Companies with formal ones. Certain Project Companies that do not satisfy the conditions are forbidden to facilitate loans from banks in China or abroad, and foreign investors acquiring real estate projects shall undertake that they will comply with the land use right grant contract, pay up debts, and meet other requirements.

On 23 May 2007, MOFCOM and the SAFE promulgated the Notice on Further Strengthening and Regulating the Examination, Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (关于进一步加强、规范外商直接投资房地产业审批和监管的通知). On 18 June 2008, MOFCOM promulgated the Notice of MOFCOM on Improving Record Work Related to Foreign Investment in Real Estate Sector (商务部关于做好外商投资房地产业备案工作的通知). According to such Notices, MOFCOM requires the provincial branch of MOFCOM to check

whether foreign investors and the Project Companies comply with the special control rules imposed in real estate sector, and records shall be kept by MOFCOM, which may carry out selective examinations each quarter.

Pursuant to the Notice on Strengthening Administration of Approval and Filing of Foreign Investment into Real Estate Industry (商务部办公厅关于加强外商投资房地产业审批备案管理的通知) (Shang Ban Zi Han [2010] No. 1542) issued by the General Office of the MOFCOM on 22 November 2010, real estate enterprises funded by foreign capital are not permitted to purchase and resell real estate properties in the PRC that are either completed or under construction for arbitrage purposes. There can be no assurance that the PRC Government will not deem any transaction of real properties or any transfer of equity in real estate companies as arbitrage through transaction of real estate. The regulation is believed to be aimed at controlling inflow of foreign capital by curtailing the practices of reselling properties for arbitrage purposes adopted by some foreign investors. In recent years, the policy measures taken by the PRC Government towards foreign investment in the real estate industry may have been relaxed, as indicated by:

(i) the principles for prohibiting arbitrage investment in this industry remaining unchanged;

(ii) certain conditions for facilitating loans (such as full payment of registered capital and the stricter proportion requirement between the total investment and registered capital for foreign invested real estate enterprises) having been repealed and the filing procedure with the MOFCOM having been simplified pursuant to the Circular of the MOFCOM and the SAFE on Improving the Recording Work of Foreign Investment in Real Estate Sector (商务部、外汇局关于改进外商投资房地产备案工作的通知) effective from 1 August 2014, the Notice of the Ministry of Housing and Urban-Rural Development and Other Departments on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (住房城乡建设部等部门关于调整房地产市场外资准入和管理有关政策的通知) effective from 19 August 2015 and the Circular of the MOFCOM and the SAFE on Further Improving Record Work Related to Foreign Investment in Real Estate Sector (商务部外汇局关于进一步改进外商投资房地产备案工作的通知) effective from 6 November 2015; and

(iii) the repeal by the MOFCOM of the requirement on the public announcement procedure for filing with the MOFCOM since 6 November 2015.

Based on the relevant authorities' confirmation[1] in respect of Hangzhou Bei Gang Logistics Co., Ltd. and Hangzhou Fu Heng Warehouse Co., Ltd. and their review of the PRC Property Companies' business licences, Beijing Jincheng Tongda & Neal, the legal adviser to the Manager as to PRC laws, is of the opinion that, as at the date of this Prospectus, each of the PRC Property Companies has obtained and maintained in full force and effect, in all material respects, all licenses, permits and other consents, approvals and authorisations.

---

1 Hangzhou Bei Gang Logistics Co., Ltd. has engaged in developing and constructing the project of Bei Gang Logistics Trade Display Program for leasing and operation. As confirmed by Housing and Urban-Rural Development Bureau of Yuhang District (余杭区城乡和住房建设局), the project developed and operated by Hangzhou Bei Gang Logistics Co., Ltd. is not treated as real estate development. Therefore, Hangzhou Bei Gang Logistics Co., Ltd. is not required to obtain any license, approval or permit that is necessary for real estate development and operation. The project developed and operated by Hangzhou Bei Gang Logistics Co., Ltd. is within its scope of business as described in its business license. The project of Chuangfu Spring E-Commerce Industry Center Program was developed and constructed by Fu Zhou E-Commerce Co. Ltd, and then Buildings No. 1 and No. 2 of Chuangfu Spring E-Commerce Industry Center were transferred from Fu Zhou E-Commerce Co., Ltd. to Hangzhou Fu Heng Warehouse Co., Ltd. as a result of its capital contribution. As confirmed by the Administrative Committee of Fuyang Economic and Technological Development Zone (富阳经济技术开发区管理委员会), the license, approval, permit that is necessary for real estate development operation is not required to operate Chuangfu Spring E-Commerce Industry Center Program, which is not a real estate development programme.

While EC World REIT has obtained all necessary approvals and consents from the PRC authorities for the acquisition of the Properties and will in the future, endeavour to obtain all necessary approvals and consents from the PRC authorities in the future for the acquisition of properties, and notwithstanding the recent relaxation of policy measures towards foreign investment in the real estate industry, there is no assurance that the PRC Government will not implement additional restrictions on foreign investment in the real estate industry and acquisitions and sales of real estate properties by foreign investors in future.

The Singapore Holding Companies may not be able to benefit from the reduced dividend withholding tax ("WHT") rate provided under the Singapore-China avoidance of double taxation agreement.

Under the tax treaty entered into between the PRC and Singapore, dividends paid by the PRC Property Companies to the Singapore Holding Companies may be subject to a reduced WHT rate of 5.0% (whereas the standard dividend WHT rate in the PRC is 10.0%) provided the Singapore Holding Companies are resident in Singapore and are the beneficial owners of the dividends. In this regard, pursuant to the guidance provided on "beneficial ownership" in Guoshuihan [2009] No. 601 issued by the State Administration of Taxation of the PRC ("**SAT**") ("**Circular 601**"), the PRC tax authorities may view the Singapore Holding Companies as not having sufficient business substance to satisfy the "beneficial ownership" test.

The SAT grants certain exceptions for a listed company in Announcement [2012] No. 30 ("**Announcement 30**"). Where the recipient of the dividend income is a foreign resident enterprise which is listed or is 100.0% directly or indirectly (excluding indirectly held by a resident company in a third party country or region besides the PRC or the contracting country or region) held by a listed company and both the listed company and the foreign resident enterprise are resident in the same contracting country, the listed company or the foreign resident enterprise could be directly recognised as the beneficial owner of the dividend income. The Singapore Holding Companies, which are directly held by EC World REIT, may therefore qualify as the beneficial owner of the dividends from the PRC Property Companies under Announcement 30 subject to the satisfaction of the PRC tax authorities. The access to reduced WHT rates under tax treaties is subject to the approval of the competent local tax authorities and the PRC tax authorities have the discretion not to allow the preferential WHT rate if they are of the view that the main purpose of an offshore arrangement is to obtain preferential tax treatment under the applicable tax treaty. It is also uncertain if the PRC tax authorities will extend the exceptions in Announcement 30 for a listed company to include a listed REIT.

There can therefore be no assurance that the Singapore Holding Companies would be able to enjoy the reduced 5.0% WHT rate on dividends. If the WHT rate is 10.0%, the return to Unitholders may be reduced as a result of the higher dividend WHT rate.

(See "Taxation – PRC Taxation" and Appendix C, "Independent Taxation Report" for further details.)

The PRC tax authorities may classify the Singapore Holding Companies and EC World REIT as China tax resident enterprise ("TRE") for the purposes of PRC CIT Law (as defined herein), which could result in unfavourable PRC tax consequences for EC World REIT and the Unitholders.

The PRC Corporate Income Tax Law and the Implementation Rules to the PRC Corporate Income Tax Law of the PRC ("**PRC CIT Law**") provides that non-resident enterprises whose "de facto management bodies" are located in the PRC are considered TREs and would be subject to CIT at a rate of 25.0% on their worldwide taxable income. Under the PRC CIT Law, a "de facto management body" is defined as a body that has substantive and overall management and control over the business operations, personnel, finance and assets of an enterprise.

The SAT has issued Guoshuihan [2009] No. 82 ("**Circular 82**") to provide guidance on whether an offshore enterprise with a PRC enterprise as its primary controlling shareholder ("**PRC-controlled offshore enterprise**") is a TRE. Circular 82 sets forth four conditions for determining if a PRC-controlled offshore enterprise has established effective management and control in PRC for TRE purposes. The TRE status is recognised only when confirmation is obtained from the relevant PRC tax authorities or if this is deemed so by the tax authorities. Circular 82 is targeted at PRC-controlled offshore enterprises, i.e. offshore enterprises controlled by PRC enterprises. It is possible that the relevant PRC tax authorities may make reference to the conditions stated in Circular 82 when determining whether an offshore enterprise controlled by a non-PRC enterprise is a TRE. The PRC tax authorities have not determined EC World REIT and its Singapore subsidiaries to be TREs. Should EC World REIT and/or any of its Singapore subsidiaries be deemed to be or classified as TREs, they will be subject to CIT at a rate of 25.0% on their worldwide taxable income. In addition, any distributions or dividends paid to its non-PRC non-individual Unitholders/shareholders and gains derived from the disposal of its Units/shares by its non-PRC non-individual Unitholders/shareholders would be subject to PRC WHT at a rate of 10.0%, subject to applicable tax treaty relief. However, any distribution of dividends derived from PRC Property Companies to the Singapore Holding Companies will be exempted from PRC CIT according to Article 4 of Circular 82.

Therefore, if the PRC tax authorities deem any of the Singapore Holding Companies or EC World REIT to be a TRE, this may adversely affect the amount of distributions made by EC World REIT to the Unitholders.

The amount of distributions could be affected by delay in assessing taxes by the PRC tax authorities.

RMB proceeds originating from the Properties can only be converted into foreign exchange (for amounts greater than US$50,000) and be remitted offshore after full payment of the applicable taxes evidenced by tax record forms for remittance issued by the PRC tax authorities. As a result, if in the event EC World REIT cannot obtain the tax record forms for remittance from the PRC tax authorities in a timely manner, EC World REIT's ability to make distributions to Unitholders will be adversely affected and it may be required to take loan facilities to satisfy the payment of the distributions to Unitholders. If EC World REIT is unable to obtain financing on terms that are acceptable or EC World REIT has reached its Aggregate Leverage limit under the Property Funds Appendix, the amount of distributions could be adversely affected.

There is uncertainty in relation to MOFCOM approval when a disposal is made to EC World REIT in accordance with the Sponsor ROFR.

On 8 August 2006, the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (the "**SASAC**"), the SAT, the SAIC, China Securities Regulatory Commission (the "**CSRC**") and the SAFE promulgated the Administrative Measures Regarding Mergers and Acquisitions by Foreign Investors of Domestic Enterprises (关于外国投资者并购境内企业的规定) ("**Circular 10**") which was amended by the MOFCOM on 22 June 2009. According to Circular 10 and the Company Law of the PRC (revised in 2013 and became effective on 1 March 2014) (中华人民共和国公司法(2013 年修订)) ("**PRC Company Law (2013 Revision)**") and certain interpretations of Circular 10 by MOFCOM, in the event of merger and acquisition by a company, enterprise, or natural person from the PRC, in the name of a company that it has legitimately established or controls outside the PRC (i.e. a foreign investor), of a domestic company (i.e. an enterprise in the PRC other than a foreign-invested enterprise ("**FIE**")) affiliated thereto, the relevant individual or organisation shall submit the merger and acquisition transaction to MOFCOM for examination and approval. Circular 10 does not provide the definition of "control" in this respect and the government authorities may have broad discretion. In the event that EC World REIT intends to acquire the affiliated project companies of the Sponsor under the Sponsor ROFR in the future, it may require approval from MOFCOM if new laws or legal interpretations are issued

to provide, or if the MOFCOM interprets, that EC World REIT shall be deemed under control of the Sponsor or the government authorities take such view. There is a risk that the MOFCOM may not approve such transaction such that EC World REIT may not be able to rely on the Sponsor ROFR for potential acquisitions and EC World REIT's acquisition growth may be adversely affected.

Interpretation of the PRC laws and regulations involves uncertainty.

The taxation and real estate laws and in particular, the laws relevant to the rights of foreign investors and the entities through which they may invest are often unclear in China where the assets of EC World REIT are located.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection of such rights) to those rights that investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC currently does not have any centralised register or official resources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. Accordingly, the Manager may not be aware of the existence of new legislation or regulations. At present, there is also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds available for inspection. Accordingly, there is a risk that entities in the PRC acquired by EC World REIT may be subject to proceedings which may not have been disclosed.

It may be more difficult to enforce agreements which are governed under PRC laws by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for EC World REIT to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The Properties are located in Hangzhou, and the property market and the legal and regulatory environment in the PRC may be volatile.

The performance of EC World REIT is subject to property market conditions in the PRC generally and, in particular, Hangzhou. Although it appears that economic growth in the PRC and the higher standard of living resulting from such growth will lead to a greater demand for e-commerce and related properties, it is not possible to predict with certainty that such a correlation exists as many social, economic, political and other factors may affect the development of the PRC property market.

The PRC property market is volatile and may experience over-supply and property price and rental rate fluctuations. The central and local governments in the PRC adjust monetary and other economic policies from time to time to prevent and curtail the overheating of the PRC and local economies, and such economic adjustments may affect the property market in Hangzhou, as well as in other parts of the PRC. The central and local governments in the PRC also make policy

adjustments and adopt new legal and regulatory measures from time to time in a direct effort to control the over-development of the PRC property market. Such policies may lead to changes in market conditions, including price and rental rate instability and imbalance of supply and demand, which may materially and adversely affect the business, financial condition and results of operations of EC World REIT. Moreover, there is no assurance that there will not be over-development in the property sector in the areas where the Properties are located and other parts of the PRC in future. Any over-development in the property sector in the areas where the Properties are located and other parts of the PRC may result in an over-supply of properties, including e-commerce, supply-chain management and logistics properties, and a fall in property prices as well as rental rates, which could adversely affect the business, financial condition and results of operations of EC World REIT.

The building standards applicable and materials employed in the PRC may not be as stringent as those in other jurisdictions.

The building standards applicable in the PRC when each of the Properties was built may not be as stringent as those in other jurisdictions. For example, the applicable PRC seismic load design requirements may be less than those required by other international standards. Where a developed property asset (which was constructed prior to the entry into force of the latest PRC building standards) is acquired, there is increased risk that the building does not conform to international standards. Compliance with amended building codes may be required retrospectively, which could entail significant costs for EC World REIT. Furthermore, construction materials employed may not comply with international standards.

Based on the legal due diligence commissioned by the Manager, the Properties in the IPO Portfolio had obtained their respective Construction Completion Inspection and Acceptance Filing Forms, indicating that the filing for the inspection and acceptance of the completion of the Properties had been approved and the Properties had been developed and constructed with the requisite permits. However, if any of the Properties do not meet the most recent requirements for building standards and materials, it may be less desirable than developments which have been built in accordance with the latest standards, which may affect the ability to sell or let it, and the business, financial condition and results of operations of EC World REIT may be affected as a consequence.

The properties owned by EC World REIT or a part of them may be acquired compulsorily by the PRC Government under various circumstances for purposes of public interests.

Under the laws and regulations of the PRC, there are various circumstances under which the PRC Government is empowered to acquire some of the Properties. In the event of any compulsory acquisition and if the compensation paid for the compulsory acquisition is less than the market value of the relevant Property, such compulsory acquisition by the PRC Government would have an adverse effect on EC World REIT and the value of its asset portfolio. In addition, even if the amount of compensation to be awarded is based on the open market value, the amount of compensation paid to EC World REIT may be less than the price which EC World REIT paid for such assets.

The PRC's political policies could affect the Properties.

The Properties are all located in the PRC. Investment in properties in the PRC entails risks of a nature and degree not typically encountered in property investments in developed markets. In the PRC, there is a high risk of nationalisation, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability or diplomatic developments which could adversely affect the value of investments made in the PRC,

and for which EC World REIT may not be fairly compensated. Certain national policies may restrict foreigners from investing in industries deemed sensitive to the national interest such as mining of certain kinds of minerals, construction and operation of natural reserves.

RISKS RELATING TO INVESTING IN REAL ESTATE

There are general risks attached to investments in real estate.

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions in the PRC;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which EC World REIT operates);
- the financial condition of tenants;
- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by EC World REIT to finance future acquisitions on favourable terms or at all;
- changes in interest rates and other operating expenses;
- changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);
- environmental claims in respect of real estate;
- changes in market rents;
- changes in energy prices;
- changes in the relative popularity of property types and locations leading to an over-supply of space or a reduction in tenant demand for a particular type of property in a given market;
- competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases or re-let space as existing leases expire;
- inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;
- insufficiency of insurance coverage or increases in insurance premiums;
- increases in the rate of inflation;
- inability of the property manager to provide or procure the provision of adequate maintenance and other services;
- defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;

- considerable dependence on cash flow for the maintenance of, and improvements to, the Properties;
- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the Manager;
- the attractiveness of EC World REIT's properties to tenants;
- the cost of regulatory compliance;
- ability to rent out properties on favourable terms; and
- power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental or room rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of EC World REIT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economy in the PRC, which may adversely affect the financial condition of EC World REIT.

EC World REIT may be adversely affected by the illiquidity of real estate investments.

EC World REIT's investment strategy of principally investing, directly or indirectly, in 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, involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect EC World REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. EC World REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. EC World REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on EC World REIT's financial condition and results of operations, with a consequential adverse effect on EC World REIT's ability to deliver expected distributions to Unitholders.

EC World REIT's ability to make distributions to Unitholders may be adversely affected by increases in direct expenses and other operating expenses without a corresponding increase in its revenue in the same period.

EC World REIT's ability to make distributions to Unitholders could be adversely affected if direct expenses and other operating expenses increase without a corresponding increase in revenue in the same period. Factors which could lead to an increase in expenses include, but are not limited to, the following:

- increase in transaction costs from the financing arrangements at the level of the PRC Property Companies;

- increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- change in direct or indirect tax policies, laws or regulations;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, EC World REIT's properties which need to be rectified;
- increase in insurance premium; and
- increase in cost of utilities.

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate.

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate and therefore an investment in EC World REIT may not provide an effective hedge against inflation.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

EC World REIT's ability to make distributions is dependent on the financial position of the Singapore Holding Companies and the PRC Property Companies which hold the Properties. EC World REIT may not be able to make distributions to Unitholders or the level of distributions may fall.

For the Trustee to make distributions from the income of the Properties, EC World REIT has to rely on the receipt of dividends, interests or repayment of loans (where applicable) from the Singapore Holding Companies and the PRC Property Companies. While the Manager has obtained appropriate tax and legal advice on potential onshore and offshore tax and/or legal liabilities through investing in the PRC Property Companies and disclosed such potential onshore and offshore tax and/or legal liabilities in this Prospectus accordingly, there can be no assurance that it will have sufficient revenue in any future period to pay dividends.

Apart from potential onshore and offshore tax and/or legal liabilities through investing in the PRC Property Companies, the level of revenue, distributable profits or reserves of the Singapore Holding Companies and the PRC Property Companies available to pay dividends, pay interest or make repayments (where applicable) may be affected by a number of factors including, among other things:

- their respective business and financial positions;
- the availability of distributable profits;
- sufficiency of cash flows received by the Singapore Holding Companies and the PRC Property Companies from the Properties;

- applicable laws and regulations which may restrict the payment of dividends by any of the Singapore Holding Companies and the PRC Property Companies;

- operating losses incurred by any of the Singapore Holding Companies or the PRC Property Companies in any financial year;

- losses arising from a revaluation of the Properties. Such losses may become realised losses which would adversely affect the level of realised profits from which the Singapore Holding Companies and the PRC Property Companies may distribute dividends;

- changes in accounting standards (including standards in respect of depreciation policies relating to real estate investment properties), taxation laws and regulations, laws and regulations in respect of foreign exchange and repatriation of funds and corporation laws and regulations in respect of statutory reserves required to be maintained in Singapore and the PRC;

- fluctuations in the exchange rates between RMB and the Singapore dollar;

- potential tax and/or legal liabilities through investing in the Singapore Holding Companies and the PRC Property Companies;

- trapped cash in the PRC Property Companies (as a result of depreciation of real estate being a mandatory accounting expense under PRC accounting standards) which cannot be effectively utilised; and

- the terms of agreements to which the Singapore Holding Companies and the PRC Property Companies are, or may become, a party to.

No assurance can be given as to EC World REIT's ability to pay or maintain distributions to Unitholders. There is also no assurance that the level of distributions will increase over time, that there will be contractual increases in rent under the leases of the Properties or that receipt of incremental rental income in connection with expansion of the Properties or future acquisitions of properties will increase EC World REIT's cash flow available for distribution to Unitholders.

Market and economic conditions may affect the market price and demand for the Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. For example, following the referendum held on 23 June 2016 where the United Kingdom voted to leave the European Union, it is expected that there will be a period of uncertainty and volatility in the international securities markets which could have an adverse impact on the market price of the Units.

An increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

The NAV per Unit may be diluted if further issues are priced below the then current NAV per Unit.

The Trust Deed contemplates new issues of Units, the offering price for which may be above, at or below the then current NAV per Unit. The DPU may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution.

Where new Units, including Units which may be issued to the Manager in payment of the Manager's management, acquisition, divestment and/or development management fees, are issued at less than the NAV per Unit, the then current NAV of each existing Unit may be diluted.

The laws, regulations and accounting standards in Singapore and/or the PRC may change.

EC World REIT and the Singapore Holding Companies are constituted or incorporated in Singapore, and the PRC Property Companies are incorporated in China. The laws, regulations (including tax laws and regulations) and/or accounting standards in Singapore and/or the PRC are subject to change. New laws and regulations may also be introduced in these jurisdictions. As a result, the financial statements of EC World REIT may be affected by these changes. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not:

- have a significant impact on the presentation of EC World REIT's financial statements;
- have a significant impact on EC World REIT's results of operations;
- have an adverse effect on the ability of EC World REIT to make distributions to Unitholders;
- have an adverse effect on the ability of the Manager to carry out EC World REIT's investment mandate; and/or
- have an adverse effect on the business, financial condition, results of operations and prospects of EC World REIT.

EC World REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs.

EC World REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect REITs in general or EC World REIT specifically.

Entities operating in Singapore and the PRC are subject to a variety of taxes and changes in legislation or the rules relating to such tax regimes could materially and adversely affect EC World REIT's business, prospects and results of operations.

The governments of each of Singapore or China may in the future amend the tax legislation or rules, regulations, guidelines and practice relating to taxation with either prospective or retroactive effect and this may affect the overall tax liabilities of the Singapore or PRC entities, respectively, in the group comprising EC World REIT and its subsidiaries (the "**EC World REIT Group**") and result in significant additional taxes becoming payable by such entities. Such additional tax exposure could have a material adverse effect on EC World REIT Group's business, financial condition, cash flows and results of operations and consequentially may have a material adverse impact on distributions to be made by EC World REIT.

EC World REIT may be exposed to higher PRC taxes if the interest income payable by the PRC Property Companies to the Singapore Holding Companies is not considered by the PRC tax authorities as being at arm's length.

The PRC Property Companies may be liable to pay interest to the Singapore Holding Companies on inter-company loans. The amount of the interest payable on such loans is required to be on an arm's length basis. Nevertheless, if the PRC tax authorities were to determine that the amount of the interest payable on inter-company loans exceeds the interest which would have been payable

on arm's length terms, the excess amount would not be tax-deductible for the PRC Property Companies. This would then result in additional taxes payable by the PRC Property Companies and this may have a material adverse effect on the amount of distributions to be made by EC World REIT.

EC World REIT may be unable to comply with the conditions for various tax exemptions and/or tax rulings obtained, or the tax exemptions and/or tax rulings may no longer apply.

EC World REIT has applied for certain tax exemptions and tax rulings from IRAS. These tax exemptions and tax rulings are subject to EC World REIT and Singapore Holding Companies satisfying the stipulated conditions of such exemptions and rulings. Where these conditions are not satisfied, or are no longer satisfied by EC World REIT or Singapore Holding Companies, the tax exemptions and rulings may not apply. The approvals from IRAS may also be granted based on the facts presented to the IRAS. Where the facts turn out to be different from those represented to the IRAS, or where there is a subsequent change in the tax laws, then the tax exemptions and/or rulings may not apply.

EC World REIT may suffer higher taxes if any of its subsidiaries are treated as having a taxable presence or permanent establishment outside their place of incorporation and tax residency.

Currently, EC World REIT and its subsidiaries are not regarded as having any taxable presence or permanent establishment outside their place of incorporation and place of tax residency. If any of EC World REIT's subsidiaries is considered as having a taxable presence or permanent establishment outside its place of incorporation and place of tax residency, income or gains may be subject to additional taxes which may have an adverse impact on EC World REIT's financial condition.

Foreign Unitholders may not be permitted to participate in future rights issues or entitlements offerings by EC World REIT.

The Trust Deed provides that the Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Manager may determine, subject to such other terms and conditions as the Trustee may impose. The proceeds of any such sale will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholders are less than S$10.00, the Manager is entitled to retain such proceeds as part of the Deposited Property. The holding of the relevant holder of the Units may be diluted as a result of such sale.

EC World REIT's distribution policy may cause EC World REIT to face liquidity constraints.

The Manager intends to distribute 100.0% of EC World REIT's Distributable Income for Forecast Period 2016 and Projection Year 2017. Thereafter, EC World REIT will distribute at least 90.0% of its Distributable Income, with the actual level of distribution to be determined at the Manager's discretion. If EC World REIT's Distributable Income is greater than its cash flow from operations, there may be liquidity constraints and it may have to borrow to meet on-going cash flow requirements since it may not have sufficient reserves to draw on. However, EC World REIT's ability to borrow is limited by the aggregate leverage limit in the Property Funds Appendix and the willingness of lenders to provide debt financing on favourable terms or at all. Tax transparency treatment in Singapore is currently not required by EC World REIT. In the event that EC World REIT derives specified taxable income, EC World REIT may apply for tax transparency treatment

which is subject to the IRAS' approval. EC World REIT would not be able to satisfy one of the conditions for tax transparency treatment if it is unable to make distributions of at least 90.0% of its specified taxable income to the Unitholders in the same year in which the income is derived.

Unitholders may bear the effects of tax adjustments on income distributed in prior periods.

Distributions will be based on EC World REIT's Distributable Income as computed by the Manager. EC World REIT's Distributable Income as computed by the Manager may, however, be subject to adjustment by the IRAS. The effect of this adjustment would mean that EC World REIT's actual Distributable Income might either be higher or lower than what was computed by the Manager. The difference between EC World REIT's actual specified taxable income and EC World REIT's specified taxable income, as computed by the Manager for the purpose of making a distribution to Unitholders, will be added to or deducted from the Distributable Income computed by the Manager for the subsequent distribution to Unitholders and thus affect the amount of these subsequent distributions.

(See "Taxation – Singapore Taxation – Taxation of Unitholders" and Appendix C, "Independent Taxation Report" for further details.)

The actual performance of EC World REIT and the Properties could differ materially from the forward-looking statements in this Prospectus.

This Prospectus contains forward-looking statements regarding, among others, forecast and projected distribution levels for the period from Forecast Period 2016 to Projection Year 2017. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies which are outside of the Manager's control. (See "Profit Forecast and Profit Projection – Assumptions" for further details.)

EC World REIT's revenue is dependent on a number of factors including the receipt of rent from the Properties. This may adversely affect EC World REIT's ability to achieve the forecast and projected distributions as events and circumstances assumed may not occur as expected, or unanticipated events and circumstances may arise.

No assurance is given that the assumptions will be realised and the actual distributions will be as forecast and projected.

Property yield on real estate to be held by EC World REIT is not equivalent to distribution yield on the Units.

Generally, property yield depends on the net property income and is calculated as the amount of revenue generated by the properties, less the expenses incurred in maintaining, operating, managing and leasing the properties compared against the current value of the properties.

Distribution yield on the Units, however, depends on the distributions payable on the Units, after taking into account other expenses including (i) taxes, (ii) interest cost for the debt facilities, (iii) REIT management fees and trustee's fee and (iv) other operating costs including administrative fees of EC World REIT, as compared with the purchase price of the Units.

The Manager is not obliged to redeem Units.

Unitholders have no right to request the Manager to redeem their Units while the Units are listed on the SGX-ST. Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in Units.

If the Units are de-listed from the SGX-ST and are unlisted on any other stock exchange of repute in any part of the world ("**Recognised Stock Exchange**"), the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Unitholder has no right to request for the repurchase or redemption of Units more than once a year.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units.

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Offering. The Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST. However, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders must be prepared to hold their Units for an indefinite length of time.

There is no assurance that the Units will remain listed on the SGX-ST.

Although it is intended that the Units will remain listed on the SGX-ST, there is no guarantee that the Units will continue to be listed. Among other factors, EC World REIT may not continue to satisfy the listing requirements. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

Certain provisions of the Singapore Code on Take-overs and Mergers (the "Take-over Code") could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Units.

Under the Take-over Code, an entity is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Take-over Code) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain specified thresholds.

While the Take-over Code seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The price of the Units may decline after the Offering.

The Offering Price of the Units is determined by agreement between the Manager and the Joint Bookrunners and Underwriters. The Offering Price may not be indicative of the market price for the Units upon completion of the Offering and the Redemption. The trading price of the Units will depend on many factors, including, but not limited to:

- the perceived prospects of EC World REIT's business and investments and the market for properties used primarily for e-commerce and logistics purposes, or real estate-related assets;
- differences between EC World REIT's actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of EC World REIT's assets;

- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Singapore REIT market from time to time;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs;
- the ability on the Manager's part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that EC World REIT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of EC World REIT's underlying assets, may not correspondingly increase the market price of the Units. Any failure to meet market expectations with regards to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in EC World REIT.

The Units are not capital-safe products. There is no guarantee that Unitholders can regain the amount invested. If EC World REIT is terminated or liquidated, investors may lose a part or all of their investment in the Units.

Third parties may be unable to recover in claims brought against the Manager as the Manager is not an entity with significant assets.

Third parties, in particular, Unitholders, may in future have claims against the Manager in connection with the carrying on of its duties in its capacity as manager of EC World REIT (including in relation to the Offering and this Prospectus).

Under the terms of the Trust Deed, the Manager is indemnified from the Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the manager of EC World REIT unless occasioned by the fraud, gross negligence, wilful default, breach of trust or breach of the Trust Deed by the Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the Manager itself and not the Deposited Property would be available to satisfy a claim.

The terms of the unit lending agreement may restrict the Stabilising Manager's ability to undertake stabilisation.

Pursuant to the Take-over Code, the Sponsor is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Take-over Code) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain thresholds as specified in the Take-over Code. In order not to trigger the mandatory offer requirement of the Take-over Code, the unit lending agreement as described in "Plan of Distribution – Over-Allotment and Stabilisation"

will include a right for the Sponsor to recall such number of Units which are equivalent to the Units (if any) lent under such agreement by giving seven days' prior written notice to the Stabilising Manager. Such right of recall means that the Sponsor would not be deemed to have disposed of such number of Units when it lends them out, nor will it be deemed to have acquired those Units when they are returned to it in accordance with the Take-over Code. In the event this right to recall is exercised by the Sponsor, it is possible that the Stabilising Manager may not be able to stabilise the market price of the Units.

(See "Plan of Distribution – Over-Allotment and Stabilisation" for further details.)

USE OF PROCEEDS

ISSUE PROCEEDS

The Manager intends to raise gross proceeds of S$629.8 million from the Offering and the issuance of the Sponsor Units and the Cornerstone Units.

The Manager also intends to draw down from the debt facilities an amount of S$405.9 million on the Listing Date.

The total cash proceeds raised from the Offering, the issuance of the Sponsor Units and the Cornerstone Units, as well as the amount drawn down from the facilities will be used towards the following:

- payment for the acquisition of the PRC Property Companies;
- repayment of the existing loans[1];
- the Redemption (see "Ownership of the Units" for further details);
- payment of the remaining initial paid-in capital of Hangzhou Fu Heng Warehouse Co., Ltd.;
- payment of transaction costs incurred in relation to the Offering and the debt facilities;
- offshore interest reserve requirement;
- working capital; and
- capital expenditure.

The following table, included for the purpose of illustration, sets out the intended sources and applications of the total proceeds from the Offering, the issuance of the Sponsor Units and the Cornerstone Units as well as the debt facilities.

Sources	(RMB'000)	(S$'000)	Applications	(RMB'000)	(S$'000)
Offering	743,120	152,382	Acquisition of PRC Property Companies(1)	1,126,531	231,003
Sponsor Units	1,382,072	283,403	Repayment of existing loans	1,004,150	205,908
Cornerstone Units	946,079	194,000	Redemption	2,662,367	545,936
Debt facilities	1,979,490	405,908	Payment of initial paid-in capital	56,300	11,545
			Transaction costs(2)	144,335	29,597
			Offshore interest reserve requirement(3)	18,525	3,798
			Working capital(4)	29,553	6,060
			Capital expenditure	9,000	1,846
Total	**5,050,761**	**1,035,693**	**Total**	**5,050,761**	**1,035,693**

1 The existing loans refer to the current onshore bank borrowings incurred by the PRC Property Companies. See "Capitalisation and Indebtedness – Indebtedness – Existing Borrowings" for further details.

Notes:

(1) Net of the Sponsor's indebtedness (of S$53.7 million) to the relevant PRC Property Companies.

(2) Transaction costs include expenses incurred in relation to the Offering and the debt facilities, where applicable.

(3) Minimum deposit amount equivalent to the interest expense of six months payable under the Offshore Facility.

(4) The amounts payable towards the completion of the acquisition of the PRC Property Companies and the payment of the remaining paid-in initial capital of Hangzhou Fu Heng Warehouse Co., Ltd. are denominated in RMB and have been arrived at using a SGD/RMB exchange rate of S$1.00 to RMB4.88. Should the exchange rate be different on the day when these amounts are paid, EC World REIT may have to draw down on its working capital to make up for any shortfall in the proceeds received by EC World REIT arising from exchange rate differences. Any surplus in the proceeds received by EC World REIT arising from exchange rate differences will be used for its general working capital.

The Manager will make periodic announcements on the utilisation of the net proceeds from the Offering, the issuance of the Sponsor Units and the Cornerstone Units as and when such funds are materially utilised. The Manager will disclose the actual use of such proceeds in EC World REIT's annual report.

LIQUIDITY

As at the Listing Date, EC World REIT will have working capital of approximately S$6.1 million. The Manager believes that this working capital will be sufficient for EC World REIT's working capital requirements over the next 12 months following the Listing Date.

OWNERSHIP OF THE UNITS

EXISTING UNITS

On 5 August 2015, EC World REIT (formerly known as EC World Trust) was constituted as a private trust and one Unit in EC World REIT was issued to Madam Wang Guoli at the issue price of S$1.00. Pursuant to the Trust Deed, EC World Trust was renamed as "EC World REIT". (See "The Formation and Structure of EC World Real Estate Investment Trust – Background to the Formation of EC World REIT" for further details.)

Immediately prior to the date of this Prospectus, Madam Wang Guoli will hold a total of one Unit in EC World REIT. As soon as practicable after the registration of this Prospectus, pursuant to the Sub-division, the one Unit held by Madam Wang Guoli will be sub-divided such that the total number of Units held by Madam Wang Guoli, prior to the Redemption and the issue of new Units under the Offering, is 673,995,371 Private Trust Units.

Pursuant to the Redemption, the Manager will fully redeem the Private Trust Units held by Madam Wang Guoli in cash with part of the proceeds from the Offering, the issuance of the Sponsor Units and the Cornerstone Units and the debt facilities in place on the Listing Date at the redemption price, when all the Private Trust Units held by Madam Wang Guoli will be cancelled.

Following the Redemption, Madam Wang Guoli shall receive the net proceeds from the redemption of all her units in the private trust which will be listed as EC World REIT. The amount set aside for the Redemption is set out in the section on "Use of Proceeds".

The total number of outstanding Units immediately after completion of the Redemption and the Offering will be 777,512,000 Units.

PRINCIPAL UNITHOLDERS OF EC WORLD REIT AND THEIR UNITHOLDINGS

The total number of Units in issue immediately after completion of the Redemption and the Offering will be 777,512,000 Units.

The following table sets out the principal Unitholders of EC World REIT and their unitholdings immediately upon completion of the Offering, the issuance of the Sponsor Units, the Cornerstone Units and the Redemption:

		Units in issue immediately after the Sub-division and before the Redemption and the issue of the Offering Units				Units in issue after the Redemption and the Offering (assuming that the Over-Allotment Option is not exercised)				Units in issue after the Redemption and the Offering (assuming that the Over-Allotment Option is exercised in full)			
		Direct		Deemed		Direct		Deemed		Direct		Deemed	
			(%)		(%)		(%)		(%)		(%)		(%)
Madam Wang Guoli		673,995,371	100.0	–	–	–	–	–	–	–	–	–	–
Sponsor[(1)]						–	–	349,880,400	45.0%	–	–	318,779,900	41.0%
Forchn Investments (Singapore) Pte. Ltd.[(2)]						349,880,400	45.0%	–	–	318,779,900	41.0%	–	–
Cornerstone Investors	BOCOM International Global Investment Limited	–	–	–	–	61,728,300	8.0%	–	–	61,728,300	8.0%	–	–
	Fosun International Holdings Ltd.	–	–	–	–	82,716,000	10.6%	–	–	82,716,000	10.6%	–	–
	Sunkits Resources Limited	–	–	–	–	95,061,700	12.2%	–	–	95,061,700	12.2%	–	–
Public and institutional investors						**188,125,600**	**24.2%**	**–**	**–**	**219,226,100**	**28.2%**	**–**	**–**

Notes:

(1) The Sponsor, being the holding company of Forchn Investments (Singapore) Pte. Ltd., has a deemed interest in the Units held by Forchn Investments (Singapore) Pte. Ltd..

(2) Forchn Investments (Singapore) Pte. Ltd. is a wholly-owned subsidiary of the Sponsor which has entered into the Sponsor Subscription Agreement to subscribe for the Sponsor Units at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

LOCK-UPS

Forchn Investments (Singapore) Pte. Ltd. has agreed with the Joint Bookrunners and Underwriters to a lock-up arrangement during the Lock-up Period in respect of its direct and indirect effective interest in the Lock-up Units, subject to certain exceptions.

The Sponsor has agreed with the Joint Bookrunners and Underwriters to a lock-up arrangement during the Lock-up Period in respect of all of its direct and indirect interests in the shares of Forchn Investments (Singapore) Pte. Ltd., subject to certain exceptions.

Each of Mr Zhang Guobiao and Mr Zhang Zhangsheng has agreed with the Joint Bookrunners and Underwriters to a lock-up arrangement during the Lock-up Period in respect of all of each of their direct and indirect interests in the shares of the Sponsor, subject to certain exceptions.

The Manager has also undertaken not to offer, issue, sell, contract to issue any Units, or make any announcements in connection with any of the foregoing transactions, during the Lock-up Period, subject to certain exceptions.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their Unitholdings.

(See "Plan of Distribution – Lock-up Arrangements" for further details.)

SUBSCRIPTION BY THE SPONSOR

Concurrently with, but separate from the Offering, Forchn Investments (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Sponsor, has entered into a subscription agreement to subscribe for 349,880,400 Units at the Offering Price conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

SUBSCRIPTION BY THE CORNERSTONE INVESTORS

Concurrently with, but separate from the Offering, each of the Cornerstone Investors has entered into a subscription agreement to subscribe for an aggregate of 239,506,000 Units, conditional upon the Underwriting Agreement having been entered into, and not having been terminated, pursuant to its terms on or prior to the Settlement Date.

The Cornerstone Investors may subscribe for Units in the Offering.

In the event that any one or more of the Cornerstone Investors fails to subscribe for and pay for the Cornerstone Units which they have committed to subscribe, the Offering will still proceed and subscribers of the Units will still be required to pay for and complete their subscriptions of Units pursuant to the Offering.

Information on the Cornerstone Investors

BOCOM International Global Investment Limited

BOCOM International Global Investment Limited is an indirect wholly-owned subsidiary of Bank of Communications Co., Ltd. Headquartered in Shanghai, Bank of Communications Co., Ltd. is the first nationwide, state-owned joint-stock commercial bank in China with both national and global coverage.

Fosun International Holdings Ltd.

Fosun International Holdings Ltd. is an investment holding company incorporated in the British Virgin Islands which is the indirect controlling shareholder of Fosun International Limited, a company listed on the Hong Kong Stock Exchange with stock code 00656.

Sunkits Resources Limited

Sunkits Resources Limited is an indirect wholly-owned subsidiary of China Cinda Asset Management Co., Ltd., a financial asset management company listed on the Hong Kong Stock Exchange with stock code 01359.

SUBSCRIPTION BY THE DIRECTORS

The directors of the Manager may subscribe for Units under the Public Offer and/or the Placement Tranche. Save for the Manager's internal policy which prohibits the directors of the Manager from dealing in the Units at certain times (see "The Manager and Corporate Governance" for further details), there is no restriction on the directors of the Manager disposing of or transferring all or any part of their Unitholdings.

SUBSCRIPTION FOR MORE THAN 5.0% OF THE UNITS

To the Manager's knowledge, as at the Latest Practicable Date, other than the Sponsor, BOCOM International Global Investment Limited, Fosun International Holdings Ltd and Sunkits Resources Limited, no person intends to subscribe for more than 5.0% of the Units in the Offering. If any person were to make an application for the Units amounting to more than 5.0% of the Units in the Offering and were subsequently allotted or allocated such number of Units, the Manager will make the necessary announcements at an appropriate time. The final allocation of the Units will be in accordance with the unitholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.

DISTRIBUTIONS

DISTRIBUTION POLICY

EC World REIT's distribution policy is to distribute 100.0% of EC World REIT's Distributable Income for the period from the Listing Date to 31 December 2017. Thereafter, EC World REIT will distribute at least 90.0% of its Distributable Income for each financial year. The actual level of distribution will be determined at the Manager's discretion. The actual proportion of Distributable Income distributed to Unitholders beyond 31 December 2017 may be greater than 90.0% to the extent that the Manager believes it to be appropriate, having regard to EC World REIT's funding requirements, other capital management considerations and the overall stability of distributions.

For these purposes, and under the terms of the Trust Deed, the "**Distributable Income**" for a financial year is the amount calculated by the Manager (based on the audited financial statements of EC World REIT for that financial year) as representing the consolidated audited net profit after tax of EC World REIT and its SPVs for the financial year, as adjusted to eliminate the effects of Adjustments (as defined below). After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year.

"**Adjustments**" means adjustments which are charged or credited to the consolidated profit and loss account of EC World REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income or loss, including property revaluation gains or losses, and provision or reversals of impairment provisions, (ii) deferred tax charges/credits, (iii) negative goodwill, (iv) differences between cash and accounting finance costs, (v) realised gains or losses on the disposal of properties and disposal/settlement of financial instruments, (vi) the portion of the Management Fee that is paid or payable in the form of Units, (vii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments, (viii) depreciation and amortisation in respect of the properties and their ancillary machines, equipment and other fixed assets, (ix) adjustment for non-cash straight line effect on rental income, (x) trustee fees, and (xi) other charges or credits (as deemed appropriate by the Manager).

The Manager also has the discretion to distribute any additional amounts (including capital). In determining whether to distribute additional amounts (including capital), the Manager will consider a range of factors including but not limited to EC World REIT's funding requirements, its financial position, its growth strategy, compliance with relevant laws, regulations and covenants, other capital management considerations, the overall suitability of distributions and prevailing industry practice.

Pursuant to the Redemption, the Manager will fully redeem the Private Trust Units which are held by Madam Wang Guoli with part of the proceeds from the Offering, the issuance of the Sponsor Units and the Cornerstone Units and the debt facilities in place on the Listing Date at the redemption price following the listing of the Units on the SGX-ST. (See "Ownership of the Units – Existing Units" for further details).

FREQUENCY OF DISTRIBUTIONS

After EC World REIT is listed on the SGX-ST, it will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. EC World REIT'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.

EC World REIT's primary sources of liquidity for the funding of distributions, servicing of debt, payment of non-property expenses and other recurring capital expenditure will be the receipts of rental income and borrowings.

Under the Property Funds Appendix, if the Manager declares a distribution that is in excess of profits, the Manager should certify, in consultation with the Trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, EC World REIT will be able to fulfil, from the Deposited Property, the liabilities of EC World REIT as they fall due. The certification by the Manager should include a description of the distribution policy and the measures and assumptions for deriving the amount available to be distributed from the Deposited Property. The certification should be made at the time the distribution is declared.

In the event that the amount of Distributable Income exceeds the amount of cash that the Manager is able to repatriate back to Singapore, the Manager may draw down on borrowings to fund distributions.

FACTORS AFFECTING DISTRIBUTIONS

EC World REIT's ability to make distributions is dependent on (among other things) the Trustee having sufficient cash in EC World REIT to make the payments required. The amount of profit which is available for distribution by the PRC Property Companies to the Singapore Holding Companies as determined pursuant to the relevant PRC laws and accounting requirements could be less than the amount of any distribution determined to be paid by EC World REIT to Unitholders pursuant to its distribution policy mentioned above.

Based on PRC accounting standards, depreciation of real estate is a mandatory expense at the project company level when determining the net profits from operations of a project company that would be available for payment as dividends. Although this acts to reduce PRC corporate income tax, it effectively traps cash in the project companies as depreciation is not a cash expense.

The Manager intends to put in place debt facilities which are secured by the PRC Property Companies' available onshore cash balances which are deposited with banks in the PRC (the "**Secured Facilities**"), where proceeds from the Secured Facilities shall be used to support EC World REIT's making of distributions in any of the circumstances referred to above. It should be noted that these amounts which are "trapped" in the PRC Property Companies remain the funds of the PRC Property Companies and may be used for the purposes of the PRC Property Companies in compliance with applicable PRC laws and regulations, and also that it is common for REITs to pay distributions based on cash flow generated by their assets.

As at the Listing Date, EC World REIT shall enter into hedging transactions with the objective of mitigating its foreign exchange risks arising from payments of distributions and interest expenses denominated in Singapore dollar. To minimise the impact of currency exchange rate fluctuations between Renminbi and Singapore dollars on EC World REIT's distributions and interest payments, EC World REIT shall enter into hedging transactions, including but not limited to, forward contracts on a semi-annual basis (or on other appropriate maturity period) with the objective of enhancing the stability of long-term cash flow distributions to Unitholders and interest payments to its lenders. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of foreign exchange hedges, after taking into account prevailing market conditions.

In respect of the First Distribution and as of the Listing Date, EC World REIT shall enter into a RMB-Singapore dollar forward contract to be settled in mid-March 2017, with the objective of hedging the foreign exchange risk arising from the conversion of the Renminbi cash flows received from the PRC Property Companies into Singapore dollar cash flows.

EXCHANGE RATE INFORMATION

The tables below set forth, for the period from 2013 to the Latest Practicable Date, information concerning the exchange rates between Renminbi and Singapore dollars (in Renminbi per Singapore dollar). The exchange rates were based on the average between the bid and offer rates of the currency as obtained from Bloomberg L.P.[(1)]. No representation is made that the Renminbi amounts actually represent such Singapore dollar amounts or could have been or could be converted into Singapore dollars at the rates indicated, at any other rate, or at all. The exchange rates set out below are historical rates for illustrative purposes only and no representation is made regarding any trends in exchange rates.

	Renminbi/Singapore dollar[(1)]		
Period ended	**Average**	**High**	**Low**
2013	4.92	5.11	4.77
2014	4.86	5.01	4.65
2015	4.57	4.71	4.44
November 2015	4.51	4.55	4.47
December 2015	4.59	4.61	4.53
January 2016	4.59	4.61	4.56
February 2016	4.66	4.73	4.61
March 2016	4.74	4.80	4.66
April 2016	4.74	4.80	4.66
May 2016	4.77	4.83	4.74
June 2016[(2)]	4.84	4.88	4.78

Notes:

(1) Source: Bloomberg L.P.. Bloomberg L.P. has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly, none of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

(2) As at the Latest Practicable Date.

EXCHANGE CONTROLS

Restrictions on Conversion of RMB into Foreign Currency

The principal regulation governing foreign currency exchange in the PRC, which is the Foreign Exchange Administration Rules (外汇管理条例) issued by the State Council in January 1996, became effective in April 1996 and was amended in January 1997 and August 2008. Under these rules, RMB is freely convertible for payments of current account items, including trade and service related foreign exchange transactions and dividend payments, but not for capital account expenses, including direct investment, loan or investment in securities outside the PRC. Under the Foreign Exchange Administration Rules, FIEs in the PRC may purchase foreign exchange without the approval of the SAFE for trade and service-related foreign exchange transactions by providing commercial documents evidencing such transactions to commercial banks which are allowed to engage in foreign exchange business. Previously, RMB may only be converted for capital account expenses once the prior approval of the SAFE has been obtained. However, according to the

Notice of the State Administration of Foreign Exchange on Further Simplification and Improvement of Foreign Exchange Administration Policy of Direct Investment (国家外汇管理局关于进一步简化和改进直接投资外汇管理政策的通知, 汇发[2015]13 号, "**Circular 13**") issued on 13 February 2015, the SAFE has authorised some qualified local banks in the PRC to carry out foreign exchange procedures in relation to inbound and outbound investments from 1 June 2015.

According to the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定) as promulgated on 20 June 1996 and effective from 1 July 1996, the Rules for Implementation of Guideline of Regulations on Service Trade (服务贸易外汇管理指引实施细则) as promulgated on 18 July 2013 and effective on 1 September 2013, and the Announcement on Issues Concerning Taxation Record Filing for External Payment Outside Projects Including Service Trade and Other Items (国家税务总局、国家外汇管理局关于服务贸易等项目对外支付税务备案有关问题的公告) promulgated on 9 July 2013 and the Notice of the State Administration of Foreign Exchange on Repealing and Revising the Normative Documents concerning the Reform for Registered Capital Registration System (国家外汇管理局关于废止和修改涉及注册资本登记制度改革相关规范性文件的通知) effective from 4 May 2015, a FIE may convert Renminbi-denominated profits into foreign exchange and remit the same offshore by presenting certain documents to commercial banks which are allowed to engage in foreign exchange business, without the prior approval of, or registration with, the SAFE. Such documents include the (i) resolution(s) of the board of directors on profit distribution and (ii) the Tax Filing Form for External Payment Projects Including Service Trade and Other Items (服务贸易等项目对外支付税务备案表). Save for the foregoing documents, no other approvals or consents are required to be obtained by the PRC Holding Companies for the conversion of Renminbi-denominated profits arising from the Properties into foreign exchange and the remittance of such proceeds for distribution to Unitholders.

However, the relevant PRC Government authorities (especially the SAFE), which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of FIEs to purchase and remit foreign currencies in the future. Furthermore, should cross-border security be used by EC World REIT, such cross-border security must comply with the conditions to be satisfied and the registration requirements illustrated in the applicable PRC laws and regulations, for example, the Notice of the State Administration of Foreign Exchange on Issuing the Provisions on the Foreign Exchange Administration of Cross-border Securities (国家外汇管理局关于发布《跨境担保外汇管理规定》的通知) promulgated by the SAFE on 12 May 2014 and took effect on 1 June 2014.

CAPITALISATION AND INDEBTEDNESS

CAPITALISATION

The following table sets forth the pro forma capitalisation of EC World REIT as at the Listing Date and after application of the total proceeds from the Offering, the Sponsor Units and the Cornerstone Units, based on the Offering Price. The information in the table below should be read in conjunction with "Use of Proceeds".

	(S$'000)
Borrowings(1)	405,908
Units in issue(1)	629,785
TOTAL CAPITALISATION	**1,035,693**

Note:

(1) Before accounting for transaction costs to be incurred.

INDEBTEDNESS

Existing Borrowings of the PRC Property Companies

As at Listing Date, the PRC Property Companies have in place an aggregate amount of RMB1,004.2 million onshore bank borrowings as set out in the table below (the "**Existing Borrowings**").

The Existing Borrowings shall be repaid with proceeds from the Onshore Facilities (as defined below). Prior to the repayment of the Existing Borrowings, the Onshore Facilities shall have second ranking mortgages over the Properties. After the Existing Borrowings have been repaid, the securities provided pursuant to such loans shall be fully discharged and the Onshore Facilities shall be secured by first ranking mortgages over the Properties.

PRC Property Company	Existing Borrowings as at Listing Date	Amount to be Repaid
Hangzhou Chongxian Port Investment Co., Ltd.	RMB400.0 million loan from the Hangzhou Yangbatou branch of the Industrial and Commercial Bank of China, which is secured by a mortgage on the land of Chongxian Port Investment, mortgages on the land and buildings of Chongxian Port Logistics and a guarantee from the Sponsor.	RMB400.0 million
Hangzhou Bei Gang Logistics Co., Ltd.	RMB355.2 million loan from the Hangzhou Yuhang branch of the Bank of Communications, which is secured by a mortgage on the land of Bei Gang Logistics, a guarantee from Hangzhou Chongxian Port Investment Co., Ltd. and a guarantee from the Sponsor.	RMB355.2 million
Zhejiang Hengde Sangpu Logistics Co., Ltd.	RMB165.0 million loan from the Hangzhou Fuyang branch of the Industrial and Commercial Bank of China, which is secured by mortgages on the land and buildings of Hengde Logistics, a guarantee from Hangzhou Chongxian Port Investment Co., Ltd. and a guarantee from the Sponsor.	RMB165.0 million

PRC Property Company	Existing Borrowings as at Listing Date	Amount to be Repaid
Zhejiang Hengde Sangpu Logistics Co., Ltd.	RMB84.0 million loan from the Hangzhou Chengxi branch of the Shanghai Pudong Development Bank, which is secured by mortgages on the land and buildings of Hengde Logistics and a guarantee from the Sponsor.	RMB84.0 million

The Onshore Facilities

As at the Listing Date, EC World REIT will have in place an aggregate amount of RMB1,004.2 million onshore term loans from DBS Bank (China) Limited, United Overseas Bank, Nanyang Commercial Bank, Malayan Banking Berhad Shanghai Branch and Bank of East Asia (collectively, the "**Onshore Lenders**"), comprising:

(a) a RMB400.0 million three-year term loan with a floating interest rate at 110.0% of the 1-to-5 years PBOC Lending Base Rate to Hangzhou Chongxian Port Investment Co., Ltd.;

(b) a RMB355.2 million three-year term loan with a floating interest rate at 110.0% of the 1-to-5 years PBOC Lending Base Rate to Hangzhou Bei Gang Logistics Co., Ltd.; and

(c) a RMB249.0 million three-year term loan with a floating interest rate at 110.0% of the 1-to-5 years PBOC Lending Base Rate to Zhejiang Hengde Sangpu Logistics Co., Ltd.,

(collectively, the "**Onshore Facilities**"). Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd. are collectively, the "**Onshore Borrowers**".

As at the Listing Date, the Onshore Facilities have an effective interest rate of approximately 6.1% per annum and such effective interest rate includes the upfront debt issuance costs. The Onshore Facilities are secured by:

(i) a first ranking pledge over the entire issued equity interest of 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 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 (including property management agreements, asset management agreements, master lease agreement etc.) in relation to the Properties;

(vi) an assignment of all insurance policies in relation to the Properties with the onshore security agent[1] (being DBS Bank (China) Limited) named as the first beneficiary;

1 The onshore security agent holds the security interests of Onshore Facilities on behalf of the Onshore Lenders. For the current transaction, such security interests include, amongst others, a first ranking mortgage over the Properties in the IPO Portfolio and pledge of rental income derived from the properties.

(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 (i.e. EC World REIT) and/or the Singapore Holding Companies;

(viii) a subordination deed in relation to the inter-company debts and shareholder loans made to the Onshore Borrower and/or the Onshore Guarantors; and

(ix) any other security as may be reasonably required by the Onshore Lenders.

The Onshore Facilities contain mandatory prepayment provisions which include, but are not limited to:

- any change of control event;
- any sales, transfer or disposal of the Properties (in part or in whole);
- illegality;
- suspension of trading by the SGX-ST for a period of five consecutive trading days.

In relation to a "change of control" event under the Onshore Facilities, any of the following change in the shareholding relationship and control shall be deemed as a "change of control" event:

- the Offshore Guarantor ceases to directly or indirectly own 100.0% of the share capital of the Singapore Holding Companies;
- the Singapore Holding Companies cease to directly or indirectly own 100.0% of the equity interest of the respective Onshore Obligors (save for Hangzhou Chongxian Port Logistics Co., Ltd.), where "**Onshore Obligors**" refer to the "Onshore Borrowers" and the "Onshore Guarantors"; and
- the Onshore Obligors cease to directly own 100.0% interest in their respective Properties.

For as long as any amount under the Onshore Facilities remains outstanding, the Onshore Obligors shall undertake to maintain the following financial covenants:

- the Onshore Obligors shall maintain a minimum blended debt service coverage ratio ("**DSCR**")[1] of 4.0x during the loan tenor[2]; and

- the DSCR will be tested with reference to a 12-month trailing period, ending on the last day of the fiscal year (i.e. December 31st) and/or the last day of the first half of the fiscal year (i.e. June 30th) (each a "**Calculation Period**").

As provided in the Offshore Facility, for as long as any amount under the Onshore Facilities remains outstanding, the Offshore Guarantor shall undertake to maintain the following financial covenants for EC World REIT:

- the Unitholders' funds shall not be less than the higher of (i) 75% of the net assets attributable to Unitholders as at the Listing Date and (ii) S$460,000,000[3];

- EC World REIT shall have a minimum consolidated interest coverage ratio of 2 times[4]; and

- EC World REIT shall have a maximum gearing ratio of 45.0%.

As at the Listing Date, EC World REIT shall draw down RMB1,004.2 million from the Onshore Facilities to fund the repayment of the Existing Borrowings.

---

1 DSCR is defined as Net Operating Cash Flow/Debt Service Payments, where:

- "**Debt Service Payments**" means the sum of the Principal Payments and the Interest Payments.
- "**Interest Payments**" means the sum of the amount of interest under all of the then outstanding Loans paid or payable during the Calculation Period.
- "**Net Operating Cash Flow**", in respect of a Calculation Period, means the Operating Income of such Calculation Period minus the Operating Expenses of such Calculation Period (excluding any interest expenses and finance costs arising from the Onshore Facilities).
- "**Operating Income**", in respect of a Calculation Period, comprises (a) rental income from the Property; (b) other income including car park rents, signage income, and marketing and promotion fees collected in or allocated to such Calculation Period.
- "**Operating Expenses**", in respect of a Calculation Period, comprises (a) PRC taxes including business tax, real estate tax, land use tax and other relevant taxes to be paid except for corporate income tax and withholding tax (if any); (b) insurance expense; (c) leasing commission; (d) marketing and promotion cost; (e) operational expenses for the maintenance and repair of the Property and (f) other operating expenses set forth in the annual business budget as approved by the Onshore Lenders, each item paid or payable or allocated (as the case may be) in respect of such Calculation Period.
- "**Principal Payments**" means the sum of all scheduled payments of principal of the then outstanding Facilities paid or payable during the Calculation Period.

2 With reference to the Profit Forecast and Profit Projection, the expected DSCR of the Onshore Obligors is expected to be 5.9x and 6.2x for Forecast Period 2016 and Projection Year 2017 respectively, on a blended basis.

3 "**Unitholders' funds**" refer to the consolidated net assets of EC World REIT at each reporting date.

4 "**Interest coverage ratio**" means the ratio of (a) Net Cash Available for Debt Servicing to (b) aggregate amount of interest accrued, paid and payable excluding the amortization of borrowing costs in respect of any front end fees paid under any loan facilities ("**Interest Expenses**") by EC World REIT, where:

- "**Net Cash Available for Debt Servicing**" means Net Income plus gross Interest Expenses and all management (including property management) fees paid/payable via the issue of units in EC World REIT for that period.
- "**Net Income**" for any period mean the amount identified in the most recent Financial Statements of EC World REIT in respect of that period as "total return before net changes in unrealised foreign exchange gain/(loss), fair value of investment properties, fair value of other investments & derivative financial instruments and income tax and share of results of associates".

The Offshore Facility

As at the Listing Date, EC World REIT will also have in place a S$200.0 million three-year syndicated term loan provided by Bank of China Limited, Singapore Branch, DBS Bank Ltd., China CITIC Bank International Limited, Singapore Branch, China Merchants Bank Co., Ltd, Singapore Branch, Malayan Banking Berhad, Singapore Branch, Industrial and Commercial Bank of China Limited, Singapore Branch, Agricultural Bank of China Limited, Singapore Branch, Bank of Communications Co., Ltd Singapore Branch, China Construction Bank Corporation, Singapore Branch and United Overseas Bank Limited (collectively, the "**Offshore Lenders**") (the "**Offshore Facility**").

As at the Listing Date, EC World REIT has fixed the interest rate for 50.0% of the Offshore Facility at an average on-going rate of approximately 4.2% per annum via interest rate swaps. The Offshore Facility has an effective interest rate of approximately 4.8% per annum, which is inclusive of the upfront debt issuance costs and the interest rate swaps.

The Offshore Facility is secured by, *inter alia*,:

(i) an unconditional and irrevocable guarantee from the Singapore Holding Companies 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 (except of Hangzhou Chongxian Port Logistics Co., Ltd.);

(iv) a first priority account charge over all bank accounts of EC World REIT (as the "**Offshore Borrower**") relating to and/or in connection with the Properties and its existing revenue amount, 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 of 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, intercompany loans, property management agreement and hedging agreements; and;

(vi) a subordination in relation to inter-company debts and shareholder loans made by EC World REIT or any of its subsidiaries other than shareholder's loan obtained solely in relation to future property acquisition.

The Onshore Facilities and the Offshore Facility have cross-default provisions, where an event of default of the Offshore Facility shall automatically trigger a cross default on the Onshore Facilities and *vice versa*.

The Offshore Facility contains financial covenants which require that:

- the Unitholders' funds shall not be less than the higher of (i) 75% of the net assets attributable to Unitholders as at the Listing Date and (ii) S$460,000,000;[1]

- EC World REIT shall have a minimum consolidated interest coverage ratio of 2 times[2]; and

- EC World REIT shall have a maximum gearing ratio of 45.0%.

It should also be noted that the Offshore Facility also includes provisions that the Manager shall not cease to be the Manager of EC World REIT without a replacement or substitute Manager which is approved by the lender:

- the Sponsor shall at all times own and maintain an effective Unitholding of at least 30.0% of the total Units;

- the Sponsor shall remain at least 51.0% owned by Mr Zhang Guobiao at all times;

- the Sponsor shall hold 100% of the issued capital of the Property Manager and shall have the power to direct and control the affairs of the Property Manager;

- the Trustee is not to resign or be removed as the trustee of EC World REIT without a replacement or substitute trustee having been appointed (in accordance with the terms of the Trust Deed) prior to such resignation or removal; and

- the Manager shall not cease to be an affiliate of Forchn Investment (Singapore) Pte. Ltd..

If any of the above are not complied with, the Offshore Lenders shall have the right to require repayment of the Offshore Facility.

As at the Listing Date, EC World REIT shall draw down S$200.0 million from the Offshore Facility to fund the Redemption and the payment of the purchase consideration for the acquisition of the PRC Property Companies,

For the purpose of Rule 728 of the Listing Manual, the Sponsor has provided an undertaking that, the Sponsor will notify the Manager and the Trustee as soon as it becomes aware of:

(a) any pledging arrangement or its shareholding in the Property Manager relating to all or any of its unitholding in EC World REIT held directly or indirectly by the Sponsor; and

(b) any event which may result in a breach of the terms of such ownership covenant in the Offshore Facility.

For the purpose of Rule 728 of the Listing Manual, Mr Zhang Guobiao has provided an undertaking to the Manager and the Trustee that, for so long as Mr Zhang owns no less than 51.0% of the shares in the Sponsor, he will notify the Manager and the Trustee as soon as he becomes aware of:

(a) any share pledging arrangement relating to all or any of his shareholding in the Sponsor held directly or indirectly by Mr Zhang; and

---

1 "**Unitholders' funds**" refer to the consolidated net assets of EC World REIT at each reporting date.

2 With reference to the Profit Forecast and Profit Projection, the expected consolidated interest coverage ratio of EC World REIT is projected to be 3.9x and 4.0x for Forecast Period 2016 and Projection Year 2017.

(b) any event which may result in a breach of the terms of the Offshore Facility.

For the purpose of Rule 728 of the Listing Manual, Forchn Investment (Singapore) Pte. Ltd. has provided an undertaking to the Manager and the Trustee that it will notify the Manager and the Trustee as soon as it becomes aware of:

(a) any share pledging arrangement relating to all or any of its shareholding in the Manager held directly or indirectly by Forchn Investment (Singapore) Pte. Ltd.; and

(b) any event which may result in a breach of the terms of the Offshore Facility.

The total amount drawn down by EC World REIT from the various facilities on or about the Listing Date will be approximately S$405.9 million (RMB1,979.5 million) and EC World REIT is expected to have an aggregate leverage of 28.9%.

The final maturity date of the Onshore Facilities and the Offshore Facility (collectively, the "**Facilities**") will be the earlier of:

(i) 3 years from the date of the drawdown of the Facilities; and

(ii) the repayment date of the Onshore Facilities to be extended by the Onshore Lenders.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

EC World REIT was constituted as a private trust on 5 August 2015 and it does not have any annual accounts for each of the last three financial years. Therefore, pursuant to Rule 409(3), the Manager shall prepare a profit forecast for Forecast Period 2016 and a profit projection for Projection Year 2017.

The Manager is unable to prepare pro forma statements of total return for the latest three financial years of EC World REIT to show the pro forma historical financial performance of EC World REIT as:

- only three of the Properties (Chongxian Port Investment, Chongxian Port Logistics and Hengde Logistics) have been operational through the latest three financial years. Fu Zhuo Industrial has been operational from September 2014 while the remaining two Properties (Fu Heng Warehouse and the Stage 1 Properties of Bei Gang Logistics) are operational in the financial year ended 31 December 2015;

- Hengde Logistics was acquired from a third party vendor through the acquisition of Zhejiang Hengde Sangpu Logistics Co., Ltd., and the third party vendor was not prepared to warrant the accuracy of the financial information. In addition, post-acquisition of Zhejiang Hengde Sangpu Logistics Co., Ltd., the capital structure and operations of Hengde Logistics would have changed substantially and it would not be meaningful to compare the operating performance of the Property before and after the acquisition by EC World REIT; and

- there are changes to the income stream generated by the PRC Property Companies because after they are acquired by EC World REIT, they will no longer generate transportation income as they shall not be undertaking any operational activity in respect of the Properties.

For the reasons stated above, pursuant to Rule 609(b), the SGX-ST has allowed EC World REIT to dispense with the requirement to prepare historical pro forma statements of total return for the latest three financial years of EC World REIT, subject to the inclusion of the following in this Prospectus:

- an unaudited pro forma balance sheet as at 31 December 2015 and an unaudited pro forma balance sheet as at the Listing Date (see Appendix B, "Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information");

- a profit forecast for Forecast Period 2016 and a profit projection for Projection Year 2017 (see "Profit Forecast and Profit Projection" and Appendix A, "Reporting Auditor's Report on the Profit Forecast and Profit Projection"); and

- full disclosure of the reasons that historical pro forma financial information cannot be provided for the financial years ended 31 December 2013, 2014 and 2015.

UNAUDITED PRO FORMA BALANCE SHEETS AS AT 31 DECEMBER 2015 AND AS AT THE LISTING DATE

	As at 31 December 2015 S$'000	As at Listing Date S$'000
ASSETS		
Current assets		
Cash and cash equivalents	15,041	91,417
Trade and other receivables	161,741	10,074
	176,782	101,491
Non-current assets		
Investment properties	1,303,443	1,303,443
	1,303,443	1,303,443
Total assets	1,480,225	1,404,934
LIABILITIES		
Current liabilities		
Trade and other payables	328,029	8,641
Deferred income	–	2,781
Borrowings	84,170	2,059
Current income tax liabilities	4,001	8,198
	416,200	21,679
Non-current liabilities		
Borrowings	194,031	391,195
Rental deposits	–	47,952
Deferred income	–	11,125
Deferred income tax liabilities	250,235	250,235
Government grant	724	724
	444,990	701,231
Total liabilities	861,190	722,910
Net assets attributable to Unitholders	619,035	682,024
Number of Units in issue ('000)		777,512
Net asset value per Unit (S$)[1]		0.88

Note:

(1) Based on the Offering Price of S$0.81 per unit as at the Listing Date.

PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in the Profit Forecast and Profit Projection section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section of the Prospectus and are subject to certain risks and uncertainties which could cause actual results to differ materially from the forecast or projected results of EC World REIT. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters or any other person, or that these results will be achieved or are likely to be achieved (See "Forward-looking Statements" and "Risk Factors" for further details). Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as at the date of this Prospectus.

None of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters guarantees the performance of EC World REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields stated in the following table are calculated based on:

- ***the Offering Price; and***
- ***the assumption that the Listing Date is 1 June 2016.***

Such yields will vary accordingly if the Listing Date is not 1 June 2016, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price.

The following table shows EC World REIT's forecast and projected statements of total return for Forecast Period 2016 and Projection Year 2017. The financial year end of EC World REIT is 31 December. The Profit Forecast and Profit Projection may be different to the extent that the actual date of issuance of Units is other than 1 June 2016, being the assumed date of the issuance of Units for the Offering. The Profit Forecast and Profit Projection are based on the assumptions set out below and have been examined by the Reporting Auditor, being PricewaterhouseCoopers LLP, and should be read together with the "Reporting Auditor's Report on the Profit Forecast and Profit Projection" set out in Appendix A, as well as the assumptions and the sensitivity analysis set out in this section of the Prospectus.

Forecast and Projected Statements of Total Return

The forecast and projected statements of total return for EC World REIT are as follows:

(S$'000)	Forecast Period 2016 (1 June 2016 to 31 December 2016)	Projection Year 2017 (1 January 2017 to 31 December 2017)
Gross Revenue	53,560	90,451
Property operating expenses	(4,876)	(8,452)
Net Property Income	**48,684**	**81,999**
Finance income	2,095	5,550
Finance costs	(14,933)	(26,684)
Manager's base fee	(2,780)	(4,975)
Manager's performance fee	–	(430)
Trustee's fee	(178)	(317)
Trust and administrative expenses	(4,438)	(1,577)
Net income before tax	**28,450**	**53,566**
Tax expense	(7,552)	(13,919)
Total return after tax	**20,898**	**39,647**
Add: Distribution adjustments[1]	5,080	6,848
Amount available for distribution to Unitholders	**25,978**	**46,495**

	Forecast Period 2016	Projection Year 2017
Weighted average number of Units in issue ('000)[2]	778,549	783,247
Distribution rate	100%	100%
Distribution per Unit (S$ cents)	3.34	5.94
Offering Price (S$/Unit)	0.81	0.81
Distribution yield[3]	**7.1%**	**7.3%**

In the absence of the Master Leases, the DPU and the distribution yield would be 2.75 Singapore cents and 5.8% (annualised) for Forecast Period 2016 and 5.11 Singapore cents and 6.3% for Projection Year 2017.

Notes:

(1) Distribution adjustments include expenses relating to Manager's base fee and Manager's performance fee to be paid in Units, IPO expenses and stamp duty expensed off in Forecast Period 2016, amortisation of upfront debt issuance costs, Trustee's fees, the straight line effect of rental income and the accretion of security deposits.

(2) Weighted average number of units in issue comprises the Units in issue and additional Units to be issued as a result of the payment of Manager's base fee and Manager's performance fee in Units.

(3) Distribution yield for the Forecast Period 2016 has been annualised.

ASSUMPTIONS

The Manager has prepared the Profit Forecast and Profit Projection based on the following assumptions. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Prospectus. However, investors should consider these assumptions as well as the Profit Forecast and Profit Projection and make their own assessment of the future performance of EC World REIT.

Gross Revenue

The table below shows the contribution to Gross Revenue by the Properties.

	Forecast Period 2016		Projection Year 2017	
	(S$'000)	(%)	(S$'000)	(%)
Chongxian Port Investment	17,739	33.1%	29,949	33.1%
Chongxian Port Logistics	5,949	11.1%	10,044	11.1%
Fu Zhuo Industrial	1,016	1.9%	1,715	1.9%
Stage 1 Properties of Bei Gang Logistics	14,845	27.7%	25,062	27.7%
Fu Heng Warehouse	5,331	10.0%	9,001	10.0%
Hengde Logistics	8,680	16.2%	14,680	16.2%
Gross Revenue	**53,560**	**100.0%**	**90,451**	**100.0%**

Gross Revenue consists of Gross Rental Income and warehouse management fee income. The table below shows the breakdown of Gross Revenue.

	Forecast Period 2016		Projection Year 2017	
	(S$'000)	(%)	(S$'000)	(%)
Gross Rental Income	52,308	97.7%	88,323	97.6%
Warehouse Management Fee Income	1,252	2.3%	2,128	2.4%
Gross Revenue	**53,560**	**100.0%**	**90,451**	**100.0%**

A summary of the assumptions which have been used in calculating Gross Revenue is set out below.

Gross Rental Income

Gross Rental Income comprises fixed rental income received from the tenants of the Properties based on committed tenancy agreements, after considering renewal for leases that are due for renewal in Forecast Period 2016 and Projection Year 2017, and contracted rental rates for working space as well as ancillary areas. For the three master-leased properties, Gross Rental Income refers to the contracted master lease rental amount.

The table below shows the contribution of Gross Rental Income by Properties.

	Forecast Period 2016		Projection Year 2017	
	(S$'000)	(%)	(S$'000)	(%)
Chongxian Port Investment[1]	17,739	33.9%	29,949	33.9%
Chongxian Port Logistics[2]	5,949	11.4%	10,044	11.4%
Fu Zhuo Industrial[3]	1,016	1.9%	1,715	1.9%
Stage 1 Properties of Bei Gang Logistics[4]	14,845	28.4%	25,062	28.4%
Fu Heng Warehouse[5]	5,331	10.2%	9,001	10.2%
Hengde Logistics	7,428	14.2%	12,552	14.2%
Gross Rental Income	**52,308**	**100.0%**	**88,323**	**100.0%**

Notes:

(1) Comprises the accounting impact relating to the straight line effect of rental income and the accretion of security deposits. Without the accounting impact, the Gross Rental Income will be S$15.4 million for Forecast Period 2016 and S$27.5 million for Projection Year 2017.

(2) Comprises the accounting impact relating to the straight line effect of rental income. Without the accounting impact, the Gross Rental Income will be S$5.3 million for Forecast Period 2016 and S$9.5 million for Projection Year 2017.

(3) Comprises the accounting impact relating to the straight line effect of rental income. Without the accounting impact, the Gross Rental Income will be S$0.8 million for Forecast Period 2016 and S$1.5 million for Projection Year 2017.

(4) Comprises the accounting impact relating to the straight line effect of rental income and the accretion of security deposits. Without the accounting impact, the Gross Rental Income will be S$13.9 million for Forecast Period 2016 and S$23.6 million for Projection Year 2017.

(5) Comprises the accounting impact relating to the straight line effect of rental income and the accretion of security deposits. Without the accounting impact, the Gross Rental Income will be S$4.6 million for Forecast Period 2016 and S$8.3 million for Projection Year 2017.

The following table shows the expected Gross Rental Income of Chongxian Port Investment, Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse without the Master Leases.

Gross Rental Income (without Master Leases)[1]	Forecast Period 2016 (S$'000)	Projection Year 2017 (S$'000)
Chongxian Port Investment	11,632	21,209
Stage 1 Properties of Bei Gang Logistics	11,765	21,812
Fu Heng Warehouse	3,755	6,973

Note:

(1) Excluding accounting impact relating to the straight line effect of rental income and the accretion of security deposits.

Lease Agreements

The table below describes the lease agreements for the Properties.

	Lease Type	
	Lease Type	**Terms of Lease**
Chongxian Port Investment	Master-leased	5 years starting from 1 January 2016. Master lease amount of RMB11,409,687 per month[(1)] in Forecast Period 2016, paid monthly. Rental escalation of 6.0%, 5.0%, 4.0% and 3.0% on 1st January of 2017, 2018, 2019 and 2020 respectively.
Chongxian Port Logistics	Multi-tenanted	105 leases with remaining lease term of approximately between 0.2 and 6.7 years as at 31 December 2015. Built in fixed rental escalation of between 5% and 10% per annum for 105 leases.
Fu Zhuo Industrial	Multi-tenanted	2 leases with remaining lease term of approximately 4.3 and 13.8 years as at 31 December 2015. Built in fixed rental escalation of between 10.0% per annum for the shorter lease and 7.5% every three years for the longer lease.
Stage 1 Properties of Bei Gang Logistics	Master-leased	5 years starting from 1 November 2015. Master lease amount of RMB10,300,000 per month[(2)] in Forecast Period 2016, paid monthly Rental escalation of 1.0% every 1st January of 2017, 2018, 2019 and 2020 respectively.
Fu Heng Warehouse	Master-leased	5 years starting from 1 January 2016. Master lease amount of RMB3,429,118 per month[(3)] in Forecast Period 2016, paid monthly Rental escalation of 6.0%, 5.0%, 4.0% and 3.0% on 1st January of 2017, 2018, 2019 and 2020 respectively.
Hengde Logistics	Multi-tenanted	3 leases with remaining lease term of approximately 0.4[(4)] and 4.7 years as at 31 December 2015. Negotiable rental escalation of approximately 10.0% every five years for two of the leases.

Notes:

(1) Excluding VAT, the master lease amount will be RMB10,866,369 per month in Forecast Period 2016.

(2) Excluding VAT, the master lease amount will be RMB9,809,524 per month in Forecast Period 2016.

(3) Excluding VAT, the master lease amount will be RMB3,265,827 per month in Forecast Period 2016.

(4) The expiring lease has been renewed for a further term of five years in May 2016.

For Chongxian Port Logistics, the Manager has assumed that upon rent review for most of the applicable leases, the rental rate charged will increase by 5.0% to 10.0%. For leases that are due for renewal in Forecast Period 2016 and Projection Year 2017, the Manager has assumed that the leases will be renewed at the same rental rate as the last passing rental rate and have the same assumed rental escalation of 5.0% to 10.0% per annum. The Manager has also assumed no vacancy allowance for these renewals.

For Fu Zhuo Industrial, there is no lease expiring in Forecast Period 2016 and Projection Year 2017. The Manager has assumed rental escalation of 10.0% per annum for one lease, and assumed rental escalation of 7.5% every three years for another lease for Forecast Period 2016 and Projection Year 2017.

For Hengde Logistics, there is no lease expiring in Forecast Period 2016 and Projection Year 2017. The Manager has assumed zero rental escalation rate for two leases in Forecast Period 2016 and Projection Year 2017, and assumed rental escalation of 2.0% per annum during the Forecast Period 2016 and Projection Year 2017 for one other lease. The Manager has also assumed no vacancy allowance for this renewal.

Occupancy Rate

The underlying weighted average occupancy rate as at 31 December 2015 and expected weighted average occupancy rate as at 31 December 2016 and 31 December 2017 for Forecast Period 2016 and Projection Year 2017 respectively for the Properties are as follows:

	Actual	**Forecast Period 2016**	**Projection Year 2017**
	As at 31 December 2015	**As at 31 December 2016**	**As at 31 December 2017**
Chongxian Port Investment	100.0%	100.0%	100.0%
Chongxian Port Logistics	100.0%	100.0%	100.0%
Fu Zhuo Industrial	100.0%	100.0%	100.0%
Stage 1 Properties of Bei Gang Logistics	55.3%	85.0%	95.0%
Fu Heng Warehouse	100.0%	100.0%	100.0%
Hengde Logistics	100.0%	100.0%	100.0%
Weighted Average Occupancy Rate	92.3%	97.4%	99.1%

Carpark Income

Upon execution of the Master Lease Agreement for the Stage 1 Properties of Bei Gang Logistics, the rental income collected from the carpark space in the aforementioned property (which was previously available for rent outside of the tenancy agreements) will be subsumed under the aforementioned Master Lease Agreement. For the other properties, EC World REIT does not intend to collect rental income for the use of carpark spaces in these properties for Forecast Period 2016 and Projection Year 2017.

Warehouse Management Fee Income

For Hengde Logistics, EC World REIT (through Zhejiang Hengde Sangpu Logistics Co., Ltd.) had entered into a warehouse management agreement with the Property's major tenant China Tobacco Zhejiang Industrial Co., Ltd. to provide warehouse management services such as provision of labour and transportation. EC World REIT intends to sub-contract out the entire Warehouse Management Agreement to a subsidiary of the Sponsor while retaining a margin. The expected income to EC World REIT from this arrangement is as below.

(S$'000)	Forecast Period 2016	Projection Year 2017
Warehouse Management Fee Income (Hengde Logistics)	1,252	2,128

Property Operating Expenses

Property operating expenses comprise property maintenance and repair expenses, property management fee as well as business and property-related taxes. The table below shows the breakdown of property operating expenses by Properties

	Forecast Period 2016		Projection Year 2017	
	(S$'000)	(%)	(S$'000)	(%)
Chongxian Port Investment	486	10.0%	859	10.2%
Chongxian Port Logistics	729	14.9%	1,297	15.4%
Fu Zhuo Industrial	90	1.9%	163	1.9%
Stage 1 Properties of Bei Gang Logistics	2,128	43.6%	3,627	42.9%
Fu Heng Warehouse	872	17.9%	1,540	18.2%
Hengde Logistics	571	11.7%	966	11.4%
Property Operating Expenses	**4,876**	**100.0%**	**8,452**	**100.0%**

The table below shows the breakdown of property operating expenses by expense type.

	Forecast Period 2016		Projection Year 2017	
	(S$'000)	(%)	(S$'000)	(%)
Property maintenance and repair expenses	369	7.5%	633	7.5%
Property management fee	729	15.0%	1,275	15.1%
Business and property-related taxes	3,778	77.5%	6,544	77.4%
Property Operating Expenses	**4,876**	**100.0%**	**8,452**	**100.0%**

Under the Individual Property Management Agreements, the Property Manager will receive from EC World REIT a property management fee of 1.5% of Gross Revenue (excluding the accounting impact relating to the straight line effect of rental income and the accretion of security deposits) for the provision of property and lease management services and maintenance and repair services. This will cover the cost incurred for general maintenance of the buildings and facilities.The Manager has assumed an additional 0.3% of EC World REIT's Gross Revenue (excluding the accounting impact relating to the straight line effect of rental income and the accretion of security deposits) for repair and maintenance expenses that are not covered by the terms of the Individual Property Management Agreements.

Business and property-related taxes will be paid to the relevant authorities as required, and the tax rates are set out below.

	Business tax (Effective tax rate per annum as % of Gross Revenue)	Property-related tax per annum
Chongxian Port Investment	0.6%	RMB4 per sq m of land area
Chongxian Port Logistics	0.9%	RMB4 per sq m of land area and 12% of Gross Revenue
Fu Zhuo Industrial	0.6%	RMB4 per sq m of land area and 7% of Gross Revenue
Stage 1 Properties of Bei Gang Logistics	0.6%	RMB4 per sq m of land area and 12% of Gross Revenue
Fu Heng Warehouse	0.6%	RMB12 per sq m of land area and 12% of Gross Revenue
Hengde Logistics	0.6%	RMB12 per sq m of land area

Net Property Income

The table below shows the contribution to Net Property Income by Properties.

	Forecast Period 2016		Projection Year 2017	
	(S$'000)	(%)	(S$'000)	(%)
Chongxian Port Investment	17,253	35.4%	29,090	35.5%
Chongxian Port Logistics	5,220	10.7%	8,747	10.7%
Fu Zhuo Industrial	926	1.9%	1,552	1.9%
Stage 1 Properties of Bei Gang Logistics	12,717	26.1%	21,435	26.1%
Fu Heng Warehouse	4,459	9.2%	7,461	9.1%
Hengde Logistics	8,109	16.7%	13,714	16.7%
Net Property Income	**48,684**	**100.0%**	**81,999**	**100.0%**

Finance Income

The finance income of EC World REIT will comprise the investment income earned from the investment in corporate bonds at an assumed rate of 6.0% per annum and the interest income earned on the onshore cash (used to secure debt facilities) at an assumed rate of 3.4% per annum.

Investment in Corporate Bonds

EC World REIT will use the security deposits which it shall receive under the Master Lease Agreements in the form of cash, to invest in a diversified portfolio of quality investment grade RMB-denominated PRC corporate bonds with a credit rating of AA-and above, at an assumed rate

of 6.0% per annum. These PRC corporate bonds may be listed on the PRC stock exchanges or traded over-the-counter (OTC), and are issuances by unrelated privately-owned companies or state-owned enterprises incorporated in the PRC.

In the event that the credit rating of any bond is downgraded, the Manager will divest such bond as soon as practicable and invest the sale proceeds into another bond which has a credit rating of AA– or above.

The Manager has assumed that the RMB-denominated cash from the security deposits will be invested onshore in these PRC corporate bonds within one month after Listing. The security deposits from the three Master Lease Agreements will amount to approximately RMB300.0 million, which in the aggregate represents less than 5.0% of the total value of the Deposited Property. The Manager is of the view that any potential impairment in bond investment is not expected to be significant and may be temporary based on the following considerations:

- The bond portfolio shall be diversified and consists of only investment grade bonds with credit rating of AA- and above, therefore the risk of impairment loss due to credit default shall be low.

- The bonds are expected to have a short duration of not more than 3.5 years on average, which should translate to a lower price volatility.

- Any temporary movement in bond prices that result from short term changes in credit market conditions should not have a material impact on the long term cash flow of EC World REIT's portfolio.

The three key executive officers of the Manager, namely the Chief Executive Officer, the President of Investment and Asset Management and the Chief Financial Officer, shall be responsible for EC World REIT's investment in the PRC corporate bonds.

The investment process includes the construction of the investment portfolio, the selection of the bonds, the execution of the bond purchase documentation and the monitoring and reporting of the bond portfolio's performance by the key executive officers of the Manager.

The investment policy for the corporate bonds is as follows:

Investment Objectives

- The investment has a profile of low-to-medium risk.

- The primary objective of the investment is to achieve capital preservation through portfolio diversification and careful selection of quality bonds.

- The second objective of the investment is to generate stable income for EC World REIT through the fixed interest distribution.

- The bond portfolio has a target return of 6.0% per annum.

Investment Guidelines

- EC World REIT shall invest in corporate bonds issued by unrelated PRC privately-owned companies or state-owned enterprises, with credit rating of AA-or above, with no negative outlook.

- The outstanding issue size of the bond at the time of investment must be no lower than RMB1.0 billion.

- The amount invested in each issue of the bond will not exceed 2.5% of the outstanding issue size of the bond at the time of investment, or 10.0% of the total fund size of EC World REIT's investment portfolio.[1]

- The average duration of the bond portfolio shall not exceed 3.5 years, with no bond with a duration of more than five years.[2]

- Leveraging and/or speculation in derivatives on the bond portfolio shall be strictly prohibited.

The ARC has approved the overall investment policy for EC World REIT's investment in the PRC corporate bonds with the cash from the security deposits. Prior to any investment in the PRC corporate bonds, the Manager shall seek approval from the ARC for the overall investment policy in the establishment of the investment portfolio and such investment policy shall set out the investment criteria for the PRC corporate bonds. The ARC shall exercise oversight over EC World REIT's investment in the PRC corporate bonds. (See "The Manager and Corporate Governance – Corporate Governance of the Manager – Audit and Risk Committee" for more information on the ARC's responsibilities.)

Having regard to the investment objectives and guidelines which establish the parameters for bond investments by EC World REIT, the ARC is of the view that the investment guidelines are sufficient to ensure EC World REIT's compliance with the applicable restrictions and requirements in the Property Funds Appendix.

Finance Costs

As at the Listing Date, EC World REIT will have in place onshore term loan(s) of RMB1,004.2 million and offshore term loan(s) of S$200.0 million from the Onshore Lenders and the Offshore Lenders with effective interest rate of approximately 6.1% per annum and 4.8% per annum respectively. These effective interest rates include the upfront debt issuance costs.

As at the Listing Date, EC World REIT has fixed the interest rate for 50.0% of the S$200.0 million three-year loan via interest rate swaps.

The upfront debt issuance costs incurred in relation to the Facilities is assumed to be amortised over its term and has been included as part of the finance costs.

In addition, the finance cost of EC World REIT will comprise the interest cost for drawdown of the Secured Facilities which are secured by onshore cash at an assumed rate of 2.6% per annum.

---

1 Regardless of the number of bond issues by a particular issuer, the investment limit for the issuer (including its group companies) will be 2.5% of the total outstanding issues of bonds or 10% of the total fund size of EC World REIT's investment portfolio.

2 The maximum duration is set at five years because each of the master leases has a term of five years. The average duration is set at 3.5 years so as to ensure the bond portfolio is well-diversified in terms of maturity and generates steady cash flow.

Manager's Base Fee and Manager's Performance Fee

Pursuant to the Trust Deed, the Manager is entitled to a Base Fee of 10.0% per annum of the Distributable Income (calculated before accounting for the Base Fee and the Performance Fee in each financial year) and a Performance Fee of 25.0% of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in such financial year where the Performance Fee is payable may be less than the DPU in any preceding financial year.

No Performance Fee is payable for Forecast Period 2016. For Projection Year 2017, the Performance Fee shown in the Profit Forecast and Profit Projection has been estimated based on the difference between the projected DPU in Projection Year 2017 and the forecasted DPU in Forecast Period 2016.

The Manager has agreed to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units for the period from the Listing Date to the end of Projection Year 2017. The portion of management fees payable in the form of Units shall be payable quarterly in arrears and the portion of management fees payable in cash shall be payable monthly in arrears. Where the management fees are payable in Units, the Manager has assumed that such Units are issued at the Offering Price for Forecast Period 2016 and Projection Year 2017.

(See "The Manager and Corporate Governance – The Manager of EC World REIT – Fees Payable to the Manager" for further details.)

Trustee's Fees

The Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$12,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee's fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed. The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

(See "The Formation and Structure of EC World Real Estate Investment Trust – The Trustee" for further details.)

Trust and Administrative Expenses

Trust and administrative expenses include one-off listing related expenses and recurring trust expenses such as annual listing fees, valuation fees, legal fees, registry and depository charges, accounting, audit and tax adviser's fees, postage, printing and stationery costs, costs associated with the preparation of annual reports, investor communications costs, other miscellaneous expenses, as well as administrative expenses such as the engagement of secretarial and book-keeping services for the Singapore Holding Companies and PRC Property Companies.

Tax Expense

Tax expense comprises PRC corporate income tax of 25.0%.

For the purpose of the Profit Forecast and Profit Projection, PRC dividend withholding tax of 5.0% has not been assumed as the Manager expects to make use of the Secured Facilities to facilitate distributions at the EC World REIT level.

Properties

The aggregate value of the Properties as at 31 December 2015 was RMB6,357 million, based on the average of the two independent valuations undertaken for each Property by the Independent Valuers. For the purposes of the Profit Forecast and Profit Projection, the Manager has assumed that there is no change in the valuation of the Properties.

Any subsequent revaluation of the Properties will not affect the forecasted and projected DPU for Forecast Period 2016 and Projection Year 2017 as EC World REIT's distributions are based on Taxable Income, which among other things, excludes gains or losses upon revaluation of the Properties.

Capital Expenditure

According to building audits commissioned prior to the Latest Practicable Date, the Manager expects minimal capital expenditure for Forecast Period 2016 and Projection Year 2017.

Any capital expenditure incurred is expected to be funded through EC World REIT's cash flow from operations, working capital and drawdown on bank facilities as required and the proceeds from the Offering, or a combination thereof.

The following table sets out the forecasted and projected capital expenditure.

(S$'000)	**Forecast Period 2016**	**Projection Year 2017**
Chongxian Port Investment	1,866	20
Chongxian Port Logistics	–	–
Fu Zhuo Industrial	–	–
Stage 1 Properties of Bei Gang Logistics	121	119
Fu Heng Warehouse	242	239
Hengde Logistics	–	–
Capital Expenditure	**2,229**	**378**

Foreign Exchange Rates

The Manager has assumed the following average exchange rates for Forecast Period 2016 and Projection Year 2017:

	Forecast Period 2016	Projection Year 2017
Singapore dollar/Renminbi	4.95	5.03

Accounting Standards

The Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected net investment income.

Significant accounting policies adopted by the Manager in the preparation of the Profit Forecast and Profit Projects are set out in Appendix B, "Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information".

Other Assumptions

The Manager has made the following additional assumptions in preparing the Profit Forecast and Profit Projection:

- that the initial property portfolio of EC World REIT remains unchanged for Forecast Period 2016 and Projection Year 2017;
- that no further capital will be raised during Forecast Period 2016 and Projection Year 2017 for the purpose of determining the distribution of the respective periods other than the Units to be issued for the Manager's Base Fee and Manager's Performance Fees to be paid in Units;
- that the onshore and offshore term loans and the Secured Facilities are available for Forecast Period 2016 and Projection Year 2017 and interest at the rates which will be offered by the lenders as stated in the Prospectus;
- that the Singapore tax rulings remains in force and that the terms and conditions of the Singapore tax rulings are complied with;
- that there will be no change in the applicable tax legislation or any other applicable legislations for Forecast Period 2016 and Projection Year 2017;
- that all lease agreements in relation to the Properties are in force and performed in accordance with their terms during Forecast Period 2016 and Projection Year 2017;
- that there will be no pre-termination of any committed leases;
- that 100.0% of EC World REIT's available income for distribution for Forecast Period 2016 and Projection Year 2017 is distributed; and
- that the Manager has assumed the interest rate hedge to be fully effective for Forecast Period 2016 and Projection Year 2017.

SENSITIVITY ANALYSIS

The forecasted and projected distributions included in this Prospectus are based on a number of assumptions that have been outlined above. The forecasted and projected distributions are also subject to a number of risks as outlined in the section "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecasted or projected in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the Profit Forecast and Profit Projection, a series of tables demonstrating the sensitivity of the distribution yield to changes in the principal assumptions are set out below.

The sensitivity analyses are intended only as a guide. Variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Gross Revenue

Changes in the Gross Revenue will impact the Net Property Income of EC World REIT and consequently, the DPU. The assumptions for Gross Revenue have been set out earlier in this section. The effect of variations in the Gross Revenue on distribution yield is set out below.

	Distribution yield pursuant to changes in Gross Revenue	
	Forecast Period 2016 (annualised)	**Projection Year 2017**
5.0% above base case	7.5%	7.8%
Base case	**7.1%**	**7.3%**
5.0% below base case	6.6%	6.9%

Property Operating Expenses

Changes in the property operating expenses will impact the Net Property Income of EC World REIT and consequently, the DPU. The assumptions for property operating expenses have been set out earlier in this section. The effect of variations in the property operating expenses on distribution yield is set out below.

	Distribution yield pursuant to changes in property operating expenses	
	Forecast Period 2016 (annualised)	**Projection Year 2017**
5.0% above base case	7.0%	7.3%
Base case	**7.1%**	**7.3%**
5.0% below base case	7.1%	7.4%

Finance Costs

Changes in the finance costs will impact the finance expenses, the net income of EC World REIT and consequently, the DPU. The assumptions for finance costs have been set out earlier in this section. The effect of variations in the finance costs on distribution yield is set out below.

	Distribution yield pursuant to changes in finance costs	
	Forecast Period 2016 (annualised)	**Projection Year 2017**
50 bps above base case	6.9%	7.1%
Base case	**7.1%**	**7.3%**
50 bps below base case	7.3%	7.6%

Finance Income

Changes in the finance income will impact the net income of EC World REIT, and consequently, the DPU. The assumptions for finance income have been set out earlier in this section. The effect of variations in the finance income on distribution yield is set out below.

	Distribution yield pursuant to changes in finance income	
	Forecast Period 2016 (annualised)	**Projection Year 2017**
50 bps above base case	7.1%	7.4%
Base case	**7.1%**	**7.3%**
50 bps below base case	7.0%	7.3%

Manager's Base Fee and Manager's Performance Fee Paid in Units

The Manager has assumed that 100.0% of the Manager's Base Fee and the Manager's Performance Fee will be paid in Units for Forecast Period 2016 and Projection Year 2017. The Manager has assumed that such Units are issued at the Offering Price.

The effect of variations in the level of the Manager's Base Fee and Manager's Performance Fee paid in Units on the distribution yield is set out below.

	Distribution yield pursuant to the level of the Manager's Base Fee and Manager's Performance Fee paid in Units	
	Forecast Period 2016 (annualised)	**Projection Year 2017**
100% of Manager's Base Fee and Manager's Performance Fee paid in Units (Base Case)	**7.1%**	**7.3%**
50% of Manager's Base Fee and Manager's Performance Fee paid in Units	6.7%	6.9%
0% of Manager's Base Fee and Manager's Performance Fee paid in Units	6.3%	6.5%

Foreign Exchange Rates

EC World REIT receives all of its income from the Properties in Renminbi and distributes its earnings to Unitholders in Singapore dollars. The assumptions for foreign exchange rates have been set out earlier in this section. Changes in the Singapore dollar/Renminbi exchange rates for Forecast Period 2016 and Projection Year 2017 will impact EC World REIT's distributable income in Singapore dollars.

The effect of variations in the foreign exchange rates on the distribution yield is set out below.

	Distribution yield pursuant to changes in foreign exchange rates	
	Forecast Period 2016 (annualised)	**Projection Year 2017**
5.0% depreciation of Singapore dollars	7.5%	7.8%
Base case	**7.1%**	**7.3%**
5.0% appreciation of Singapore dollars	6.7%	6.9%

STRATEGY

INVESTMENT STRATEGY

EC World REIT is a Singapore REIT established with the investment strategy of principally investing, 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 on the PRC.

In accordance with the requirements of the Listing Manual, the Manager's investment strategy for EC World REIT will be adhered to for at least three years following the Listing Date. The Manager's investment strategy for EC World REIT may only be changed within three years from the Listing Date if an Extraordinary Resolution is passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

KEY OBJECTIVES

The Manager's key financial objectives are to provide 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 DPU and NAV per Unit, while maintaining an appropriate capital structure for EC World REIT.

KEY STRATEGIES

The Manager plans to achieve its key objectives through the following strategies:

- **Asset focus** – focusing on real estate assets which support the e-commerce business.
- **Investment strategy** – investing in value-adding investments, comprising development and acquisition of income-producing properties with strong underlying real estate fundamentals.
- **Acquisition growth strategy** – pursuing opportunities for future income and capital growth through leveraging on the network and experience of the Sponsor and the support provided by the ROFR[1] granted by each of the Sponsor and Mr Zhang Guobiao.
- **Organic growth strategy** – optimising organic growth through proactive portfolio and asset management.
- **Capital and risk management strategy** – adopting prudent capital and risk management through diligent and proactive management of operational, financial, investment and regulatory risks associated with the real estate investment business.

ASSET FOCUS

The Manager will focus on improving and enhancing EC World REIT's properties to support the e-commerce business, including assessing of the feasibility of implementing asset enhancement initiatives.

---

1 Rule 404(8)(d) of the Listing Manual only requires the controlling Unitholder of EC World REIT to grant a ROFR to EC World REIT. In this regard, the Sponsor will be granting a ROFR to EC World REIT. Mr Zhang Guobiao, who is deemed to be a controlling Unitholder of EC World REIT, will also be granting a ROFR to EC World REIT. (See "Certain Agreements Relating to EC World REIT and the Properties – Sponsor Right of First Refusal" and "– ZGB Right of First Refusal" for further details.)

INVESTMENT AND ACQUISITION GROWTH STRATEGIES

The Manager intends to leverage on existing relationships with tenants and sub-tenants within the Sponsor's network to create new leasing opportunities and provide real estate solutions for tenants and sub-tenants, to satisfy the objectives of both EC World REIT and prospective tenants.

The Manager will also benefit from the Sponsor's experience and track record in pursuing opportunities to undertake acquisitions of assets that will provide attractive cash flows and yields relative to EC World REIT's weighted average cost of capital, and opportunities for future income and capital growth. In evaluating future acquisition opportunities, the Manager will seek acquisitions that may enhance the diversification of the portfolio by location and tenant profile, and optimise risk-adjusted returns to the Unitholders. The Manager believes it is well-qualified to pursue its acquisition strategy. The Sponsor has extensive experience and a strong track record in sourcing, acquiring and financing e-commerce and logistics-related real estate assets in the PRC. The management team's industry knowledge, relationships and access to market information provide a competitive advantage with respect to identifying, evaluating and acquiring e-commerce and logistics-related real estate assets.

Investment Criteria: Focus on Maintaining Portfolio Quality

In evaluating acquisition opportunities for EC World REIT, the Manager will focus primarily on the following investment criteria in relation to the property under consideration:

- **Yield requirements** – The Manager will seek to acquire properties with the ability to provide attractive long-term cash flows and yields above EC World REIT's weighted average cost of capital, as well as with the potential for net asset growth.

- **Location** – The Manager will assess acquisition opportunities from the perspective of both the broader market and the location-specific aspects. The Manager will evaluate a range of location-related criteria including, but not necessarily limited to, ease of access, connectivity to major transportation hubs such as major expressways and thoroughfares, train stations, international airports and other public transportation networks, visibility of premises from the surrounding catchment markets, existing surrounding amenities and immediate presence and concentration of competitors.

- **Asset enhancement potential** – The Manager will seek to acquire properties where there is potential to add value to the properties by increasing occupancy, through selective capital expenditure and/or other asset enhancement initiatives.

- **Building and facilities specification** – The Manager will endeavour to conduct thorough property due diligence and adhere strictly to the relevant quality specifications, with due consideration given to the size and age of the buildings, with respect to potential properties to be acquired by EC World REIT. These specifications will depend on the type of property and may change over time due to market developments and tenant demands. It will also ensure that the acquisition properties are in compliance with legal and zoning regulations. The properties will be assessed by independent experts relating to the structural soundness of the building, repairs, maintenance and capital expenditure requirements in the short-to medium-term.

- **Tenant mix and occupancy characteristics** – The Manager will seek to acquire properties with opportunities to increase rental and tenant retention rates relative to competing properties in the respective micro-property markets. The properties should have a healthy occupancy with established tenants of good credit standing to minimise rental delinquency and turnover. A key consideration will be the impact of an acquisition on the entire portfolio's tenant, business sector and lease expiry profiles.

- **Lease expiry profile** – The Manager will, where appropriate, focus on properties with longer leases so as to extend the WALE of the IPO Portfolio and/or provide diversification to the lease expiry profile.

- **Land lease maturity** – The Manager will, where appropriate, focus on properties with longer underlying land lease terms in order to extend the underlying land lease maturity profile.

In addition, EC World REIT will benefit from the Sponsor ROFR which, subject to certain conditions, provides EC World REIT with access to potential future acquisitions and opportunities of income-producing properties which are used primarily for e-commerce and logistics related purposes.

EC World REIT intends to hold the properties it acquires on a long-term basis. However, in the future, where the Manager considers that any property has reached a stage that offers limited scope for further growth, EC World REIT may consider selling the property to free up or recycle capital for re-deployment towards higher-yielding growth opportunities as and when appropriate.

ORGANIC GROWTH STRATEGY

The Manager's strategy for organic growth is to actively manage EC World REIT's properties and build strong and long-lasting relationships with tenants by providing value-added property-related services. Through such active asset management, the Manager seeks to maintain high tenant retention and occupancy levels and achieve stable rental growth, as well as minimise the costs associated with marketing and leasing space to new tenants. EC World REIT will benefit from the Sponsor's experience in asset management and asset enhancement.

The Manager will work closely with the Property Manager to implement pro-active policies and measures to enhance and improve the Properties' operational performance, thereby increasing yields and mitigating re-leasing risks and costs of the Properties. The Manager will focus on, in particular, O2O initiatives, regular engagement with tenants, identifying and achieving early renewal commitments and carrying out asset enhancement projects (where necessary).

Further, the Manager plans to meet its objective of increasing the yields of EC World REIT's properties and maximising returns through some of, but not limited to, the following measures:

Implementing pro-active marketing plans

The Manager intends to develop customised pro-active marketing plans for each applicable property. Each plan will focus on property-specific needs to maximise tenant interest and enhance the public profile and visibility with a view to increasing the value and appeal of the properties and to maintain the long-term value of the properties.

Improving rentals while maintaining high occupancy rates

While the Properties continue to enjoy high occupancy levels, the Manager will work with the Property Manager to actively manage tenancy mix, lease renewals and new leases to maintain high tenant retention levels and minimise vacancy periods, through:

- establishing and working towards optimal rental benchmarks for each property;

- identifying and rectifying leases that are about to expire with passing rents which are below market levels and for which there is potential upside;

- advancing renewal negotiations with tenants whose tenancies are approaching expiry;

- increasing the overall marketability and profile of EC World REIT's portfolio of properties to increase the prospective tenant base;

- actively marketing current and impending vacancies to minimise vacant periods;

- actively monitoring rental arrears to minimise defaults by tenants and other aspects of tenant performance;

- incorporating contractual periodic rental step-up provisions to provide an additional source of organic growth;

- monitoring and assessing spaces which are sub-optimal or have remained vacant for long periods and working with the Property Manager to redevelop or conduct asset enhancement works (for example, sub-dividing larger sub-optimal units into smaller units) to suit prospective tenants' needs and thereby improving the marketability of such spaces;

- exploring and facilitating expansion or relocation needs of existing tenants; and

- improving responsiveness to tenants' feedback and enquiries.

The Manager will initiate tenant retention programme initiatives to further strengthen tenant relationships. The Manager believes that such efforts will contribute to maintaining optimal tenant retention levels, minimising vacancy levels and reduction in rental income, as well as the associated costs of securing new tenants.

Delivering high quality services to tenants

The Manager will endeavour to work with the Property Manager and tenants to provide high quality services to tenants through:

- providing high quality asset management services to maintain high retention rates;

- improving responsiveness to tenants' feedback and enquiries; and

- providing additional value-added services for tenants.

Improving operational efficiency and reducing operating costs

The Manager will work closely with the Property Manager to reduce operating costs without compromising the quality of services. Some cost management initiatives include:

- constant review of workflow process to boost productivity, lower operational cost and foster close partnership with service providers to control costs and potential escalation; and

- utilising the economies of scale associated with operating a portfolio of properties by, for example, bulk purchasing of supplies and cross-implementation of successful cost-saving programmes.

By reducing operating expenses, the Manager aims to further increase the Net Property Income of EC World REIT.

Active asset enhancement strategy

The Manager believes there are good opportunities to improve the Properties and that it will be able to achieve increases in rental revenue and occupancy rates via proactive retrofitting and refurbishment works including upgrading of existing facilities and reconfiguring of existing spaces for other income-generating opportunities, thereby achieving better efficiency or higher rental potential. To the extent possible and permitted by law and regulations, the Manager may seek to rationalise the use of space, create more leasable areas, identify sub-optimal and ancillary areas that can be converted for higher returns and improve building efficiency. The Manager will undertake asset enhancement initiatives subject to the improvements satisfying projected levels of feasibility and profitability.

CAPITAL AND RISK MANAGEMENT STRATEGY

The Manager plans to optimise EC World REIT's capital structure and cost of capital within the aggregate leverage limit in the Property Funds Appendix and intends to employ a combination of debt and equity in financing acquisitions and asset enhancement initiatives. Wherever practicable and cost-effective, the Manager will endeavour to minimise the identifiable currency and interest rate risks by the utilisation of proven risk management strategies available in the financial markets. As part of its capital and risk management strategy, the Manager will manage EC World REIT's exposure arising from adverse market movements in interest rates and foreign exchange through the appropriate hedging strategies, subject to the limits of the Property Funds Appendix and the CIS Code.

The Manager will endeavour to:

- maintain a strong and robust balance sheet and healthy cash flow;
- secure diversified funding sources to access both financial institutions and capital markets;
- manage debt financing costs by optimising the term structure of EC World REIT's borrowings; and
- minimise exposure to interest rate volatility.

The Manager intends to achieve the above by pursuing the following strategies:

- **Optimal capital structure strategy** – The Manager aims to optimise the capital structure and cost of capital, within the aggregate leverage limit in the Property Fund Appendix. Such strategy involves adopting and maintaining appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions. The Manager will endeavour to employ an optimal term and capital structure, comprising an appropriate mix of debt (of varying tenures) and equity in financing the acquisition of properties and asset enhancement activities of its properties.

  The Manager will periodically review EC World REIT's capital management policy with respect to its Aggregate Leverage and modify the policy as the Manager deems prudent in light of prevailing market conditions. The Manager will endeavour to deploy an optimised term structure of EC World REIT's indebtedness, and constantly seek opportunities to employ long-term, fixed-rate debt to the extent practicable to minimise interest rate risks. As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of bonds to further enhance the debt maturity profile of EC World REIT.

- **Debt diversification strategy –** As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of bonds to further enhance the debt maturity profile of EC World REIT.

- **Proactive interest rate management strategy –** The Manager endeavours to utilise interest rate hedging strategies where appropriate from time to time to ensure stable returns to Unitholders. The Manager will adopt prudent and proactive interest rate management strategies including interest rate swaps with reputable banks to manage the risk associated with changes in interest rates on the loan facilities while ensuring that EC World REIT's on-going cost of debt capital remains reasonable and continues to create value to the returns to Unitholders.

- **Currency risk management strategy –** The Manager endeavours to utilise currency risk management strategies where appropriate from time to time to minimise the impact of EC World REIT's distributable income due to foreign exchange volatility. These strategies will include the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge. Depending on the market outlook for the RMB, the Singapore dollar and any other currencies which EC World REIT has exposure to, the Manager may consider adopting currency hedging strategies with reputable financial institutions.

- **Other financing strategy –** The Manager will consider opportunities to raise additional equity capital for EC World REIT through the issue of new Units, for example, to finance acquisitions of properties. The decision to raise additional equity will also take into account the stated strategy of maintaining an optimal capital structure.

In addition, the Manager may also utilise security deposits collected in cash under the Master Leases for the benefit of Unitholders.

EC World REIT's exposure to derivatives as at the Listing Date is in respect of:

(i) its interest rate hedging on S$100.0 million (being 50.0% of the size of the Offshore Facility); and

(ii) its foreign currency hedging of 100.0% of the First Distribution.

BUSINESS AND PROPERTIES

Unless otherwise specified, all information relating to the Properties in the Prospectus are as at 31 December 2015.

EC World REIT is a Singapore REIT 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 on the PRC.

The IPO Portfolio will comprise six properties located in Hangzhou, the PRC, with an aggregate NLA of 698,478 sq m as at 31 December 2015 and a total appraised value of approximately RMB6,357 million (equivalent to approximately S$1,303 million) as at 31 December 2015. The IPO Portfolio consists of the following properties:

- Chongxian Port Investment;
- Chongxian Port Logistics;
- Fu Zhuo Industrial;
- the Stage 1 Properties of Bei Gang Logistics;
- Fu Heng Warehouse; and
- Hengde Logistics.

COMPETITIVE STRENGTHS

Competitive Strengths of the Properties

The Manager believes that the Properties enjoy the following competitive strengths:

The IPO Portfolio comprises six quality Properties which are strategically located in Hangzhou. The Manager believes that these properties are of high quality due to various factors such as their location, rarity, building specifications and condition, and the amenities offered. For instance, the IPO Portfolio includes two e-commerce assets (Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse) which could facilitate the growth of an eco-system of e-commerce activities, ranging from business venture incubation, online trading activities (B2B and B2C), warehousing and logistics services and various professional and intermediary services. The IPO Portfolio also includes Chongxian Port Investment, which is one of the key inland ports in the PRC, and this provides diversification and stability to the IPO Portfolio.

Chongxian Port Investment (崇贤港投资)

Chongxian Port Investment is one of the key inland ports in the PRC. It is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. Chongxian Port Investment has been ranked as the top inland port in Hangzhou for the transportation of steel products, with a market share of more than 50.0% in 2015[1]. It was accredited in 2015 as a Level 5A Logistic Enterprise (5A 级物流企业) by the China Federation of Logistics & Purchasing (中国物流与采购联合会).

According to Colliers, new developments on par with Chongxian Port Investment are increasingly scarce, as the development of inland ports at the suburb of downtown Hangzhou for the transportation of bulk materials will be limited following the designation of the Beijing-Hangzhou Grand Canal as a UNESCO World Heritage Site in June 2014. Given the lack of comparable properties in the region, Chongxian Port Investment will have a unique competitive advantage based on its size, facilities and location. With Hangzhou being one of the most important steel transportation hubs along the Beijing-Hangzhou Grand Canal, Chongxian Port Investment is expected to experience an increase in demand for its port facilities and enjoy a competitive rental rate. In addition, the closure of local steel mills of Hangzhou Iron and Steel Group Company is expected to increase demand for port facilities as more steel products have to be shipped into Hangzhou through the ports. Adding to the tight supply situation for the usage of the port facilities in Hangzhou, the local government has recently imposed more restrictions on land supply for port use. Therefore, Chongxian Port Investment is expected to enjoy more bargaining power in setting the rental of its port facilities space in the future.

The Manager believes that another factor which may enhance the value of Chongxian Port Investment is the increasing use of the online B2B platform[2] in the trading of steel products, which allows manufacturers, traders and buyers to reduce turnaround time and increase their inventory turnover of steel products. This improvement in efficiency has led to a steady increase in the throughput of steel products handled by the port facilities at Chongxian Port Investment. For instance, Hangzhou Fu Gang Supply Chain Co., Ltd., which leases space at Chongxian Port Investment and Chongxian Port Logistics, provides supply-chain management, warehousing, logistics and related services for the online B2B platform for steel products. The Manager believes that this trend may continue in the medium term and presents another opportunity for Chongxian Port Investment to set higher rental rates for its port facilities.

Chongxian Port Logistics (崇贤港物流)

Chongxian Port Logistics is an integrated complex with warehouses and office buildings which support the operations of Chongxian Port Investment. It has been operational since 2011. The Property is one of the largest metal warehouses and logistics developments in the Yangtze River Delta. It is built to meet special requirements for metal storage with enhanced bearing capacity and it is equipped with cranes to provide convenient transfer of heavy cargoes. Chongxian Port Logistics stands out due to its scale and customised equipment and facilities. There is currently

---

1 Based on the statistics of Hangzhou Steel Trading Association (杭州钢铁贸易行业协会). The Hangzhou Steel Trading Association not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by the Hangzhou Steel Trading Association is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

2 Examples of online steel trading marketplaces in the PRC include banksteel.com (钢银), SteelGt.com (斯迪尔) and zhaogang.com (找钢网).

no other project in the area that offers warehouses with similar size and quality. Therefore, Chongxian Port Logistics is expected to hold some bargaining power in setting the rental of its warehouse space.

Fu Zhuo Industrial (富卓实业)

Fu Zhuo Industrial is one of the ports in Yuhang Area and comprises two berths, a sand and stone warehouse, a repair workshop, a storage yard and a two-storey office building. Owing to its favourable location and berth quality, Fu Zhuo Industrial is able to command rents which are higher than market rate. Furthermore, the Yuhang area has received significant attention from the local government, and is likely to become one of the main transportation hubs along the Beijing-Hangzhou Grand Canal for the shipping of steel, coal, sand, containerised goods and hazardous materials.

Stage 1 Properties of Bei Gang Logistics (北港物流一期)

Stage 1 Properties of Bei Gang Logistics comprises eight buildings, offering e-commerce-related services, logistics, trade and exhibition, O2O office, talent training and financial services. Demand for such facilities is expected to grow in line with the expected expansion of B2B and B2C e-commerce businesses in China, especially in Zhejiang Province. Advanced logistics management systems and equipment installed in the facilities, coupled with the synergy derived from the eco-system of e-commerce service providers, will add value to its tenants and provide opportunities for rental growth in the medium term.

Fu Heng Warehouse (富恒仓储)

Fu Heng Warehouse serves as a full capability e-commerce distribution centre and comprises two four-storey buildings with multiple functions including warehousing, third party logistics, parcel producing and sorting, e-commerce business offices and O2O product showrooms and exhibitions. The Property is located in the Fuyang District, strategically located between Yiwu and the port city of Ningbo. In recent years, the Fuyang Municipal People's Government has actively supported the development of e-commerce industry in Fuyang District with the planned implementation of measures to attract renowned e-commerce companies to the Fuyang District, providing economic incentives and attracting talent from places such as Yiwu, which is a well-known trading centre for small commodities and also a growing e-commerce hub. According to Colliers, the Statistics Bureau of Fuyang District had reported a steady growing trend in the total retail sales of consumer goods in Fuyang District, with an average year-on-year growth rate of approximately 17.0% for the past seven years.

Hengde Logistics (恒德物流)

Hengde Logistics is a large-scale logistics development which is currently substantially-leased to a reputable tenant, China Tobacco Zhejiang Industrial Co., Ltd., for the purpose of tobacco leaves storage in a controlled environment.

The Property was built to meet specific requirements of high value goods such as tobacco, wine, and cosmetics, and it provides a dust-free environment equipped with temperature and humidity control systems and an automatic sprinkler system. The Property is also equipped with elevators with load capacity of seven tonnes which are able to carry forklifts. Hengde Logistics is unique due to its specialised equipment and facilities, and the Manager expects limited competition for similar properties in the region, especially in the market for fast-growing imported consumer goods in Hangzhou and Zhejiang Province.

Competitive Strengths of EC World Hangzhou – An Integrated E-Commerce Business Park

The Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse form part of EC World Hangzhou ("**EC World**"), one of the largest e-commerce business parks in the Yangtze River Delta and a key project in the Zhejiang Province.

EC World provides a platform for e-commerce enterprises and market players, providing e-commerce related services, logistics, warehousing, trade and exhibition, O2O, office, talent training and financial services. In addition, complementary facilities of living, retail, entertainment and dining are also provided in the park. Unlike traditional business parks, EC World emphasises on providing tailored services and one-stop service platform to its customers, providing guidance to e-commerce enterprises. EC World, being an integrated and intensive e-commerce park, provides high-quality infrastructures and supporting facilities to attract various types of e-commerce and service enterprises, forming an e-commerce industry cluster.

According to the Independent Market Research Consultant, the geographical proximity to other firms in the e-commerce industry promotes greater resource optimisation and operational efficiency, resulting in significant economic advantages for the companies situated within the e-commerce parks:

- **Economies of scope**: The larger volume of goods moving into and out of the parks allows transportation companies to carry full loads for trips in and out of the parks, resulting in the charging of lower transportation fees for companies operating within the parks.

- **Economies of scale**: With the higher volume of goods, companies within e-commerce parks stand to enjoy lower processing and operational costs.

Furthermore, besides the potential cost savings, enterprises situated within integrated e-commerce parks are able to derive a significant number of non-economical advantages such as greater operational flexibility, distribution efficiency, as well as increased productivity from knowledge sharing:

- **Greater operational flexibility**: ready access to a network of facilities and service providers in the vicinity help support enterprises' expansion or downsizing needs;

- **Reduced operational risk**: data sharing between suppliers and e-commerce businesses allows better tracking of inventory levels and lowers operational risks. The reduced operational risk therefore ensures a sustainable business operation and the ability to cope with peak demand during key promotional campaigns such as New Year's Day;

- **Improved distribution efficiency**: as more enterprises join the cluster, distribution efficiency improves as the distance between the pickup (or delivery) locations shortens, resulting in increased efficiency of the "first mile" and "last mile" portion of each trip, which are typically the most expensive part of delivery services;

- **Knowledge sharing**: clustering of firms from the same industry helps create a community which encourages the sharing of knowledge and know-how, and allow firms to gain from potential resource sharing initiatives;

- **Sharing the benefits of government preferential policies such as government subsidies**; and

- **Establishing an all-round ecosphere effect**: foster the development of O2O (online and offline interaction), joint promotion, allocation of advertising expense, tie-in sales, etc.

The industrial clustering effects benefit enterprises through the sharing of resources, information, knowledge and policies, as well as help drive a reduction in administrative expenses, labour, warehousing and logistics costs. Aside from the potential greater operational flexibility and distribution efficiency, such clusters typically also offer a full suite of services that help e-commerce start-ups address operational risk concerns.

Essentially, these economic and non-economic benefits have driven an increase in demand from enterprises seeking opportunities to operate in integrated e-commerce parks or clusters. This has resulted in a stronger bargaining power for physical facilities providers to charge higher rentals for warehousing and office spaces. In particular, there is substantial demand for high quality facilities, and integrated e-commerce parks with high standard warehousing resources and strong supporting infrastructure have the tendency to attract high quality enterprises that are willing to pay higher rentals for space in the parks.

In particular, the differences and core advantages of EC World compared with other e-commerce industrial parks lie in in the following:

- **Excellent geographical location**: EC World is located in Hangzhou, the capital and largest city of the Zhejiang Province, and enjoys a market catchment covering Chinese cities which are among the most active in e-commerce, such as Shanghai, Ningbo, Jinhua and Yiwu. Specifically, the area is equipped with an abundance of e-commerce resources, and substantial demand for infrastructure supporting integrated e-commerce services, as well as high-quality warehouse and distribution services. In addition, the extreme lack of land resources on the city outskirts potentially results in potential for rent increases.

- **Comprehensive service capability with high-quality warehouse and distribution services at its core**: EC World operates its own product "Ruyicang", an industrial leader in e-commerce packaging. In addition, EC World has an operation system of 8 major service platforms-public supporting services, youth entrepreneurial services, warehouse and distribution centre, e-commerce operation services, e-commerce training services, offline sales platform for e-commerce products, financing services and administrative services, providing intensive and integrated service for enterprises, and effectively promoting the improvement of the overall operating efficiency and the reduction of operating costs for enterprises.

OVERVIEW OF THE E-COMMERCE SECTOR IN THE PRC

Overview of the E-commerce Sector

E-commerce refers to commerce and trading activities done through online, virtual and electronic means, but supported by vast back-end functions such as product development and design, marketing, after-sales support, legal, finance and billing, delivery and fulfillment, and warehousing and logistics.

End-to-end, the e-commerce sector involves a large number of players and can be generally divided into two business sub-segments:

- Business to Business (B2B); and

- Business to Consumer (B2C) and Consumer to Consumer (C2C).

Business to Business (B2B)

B2B refers to e-commerce activities for establishing marketing relationships between enterprises via integration of resources from the upstream and the downstream of the industry chain, based on the e-commerce B2B platform and big data. In general, China's B2B e-commerce industry comprises of six key participating groups, namely the buyers, suppliers, banking institutions, payment service providers, B2B platform service providers, and other supporting organisations.

While both the banking institutions and payment service providers undertake the important role of facilitating the flow of funds between buyers and sellers, the B2B platform service providers are key in connecting the various participants, and enable the Chinese B2B e-commerce industry to function.

According to the Independent Market Research Consultant, B2B platform service providers can be further classified into three types.

Main Players	Role
B2B information and transaction service	These companies essentially provide an online platform that connects buyers and sellers, allowing parties to search and access information, and more importantly to transact with the relevant counterparty. Notable companies include Alibaba and Huicong.
B2B application and service	These software companies typically provide one of the following services which support information flow by dealing with transaction management, supply chain management, business process management, electronic data transmission and synchronisation, amongst others. Notable names include IBM and SAP SE.
B2B infrastructure and system integration service	These companies provide logistics service, data storage/cloud computing services, as well as information and payments security services.

Business to Consumer (B2C) and Consumer to Consumer (C2C)

B2C and C2C refer mainly to the online retail industry established through Internet technology and related methods. With the continuous expansion of the online retail market and further industrial development, the online retail industry plays an active and leading role in the development of supporting industries and the e-commerce service industry, and has become a new retail industry which integrates upstream and downstream industry chains, covers manufacturers, distributors, online payment, logistics distribution, e-commerce technology support, third partners, shopping information and other sectors, with online retail platforms and enterprises at its core.

Similar to the B2B e-commerce industry, China's retail e-commerce industry comprises various participating groups. Beginning from the product manufacturer to the end consumer, the most notable parties are the B2C and C2C e-commerce platform service providers. In addition, the B2C and C2C platform services providers form the core of the e-commerce industry as they essentially provide the online platform that connects buyers and sellers, allowing parties to search and access information, as well as to conduct transactions with the relevant counterparty.

Apart from the retail e-commerce platform service providers, the notable supporting groups in the retail e-commerce landscape include the logistics distribution services providers, as well as the online payment and credit companies.

Outlook on the E-commerce Sector in the PRC

Favourable government policies which encourage the growth of the Chinese e-commerce industry

Demand for logistics properties which complement the Chinese e-commerce industry is expected to continue to benefit from proactive government policies and initiatives. Such policies and initiatives include:

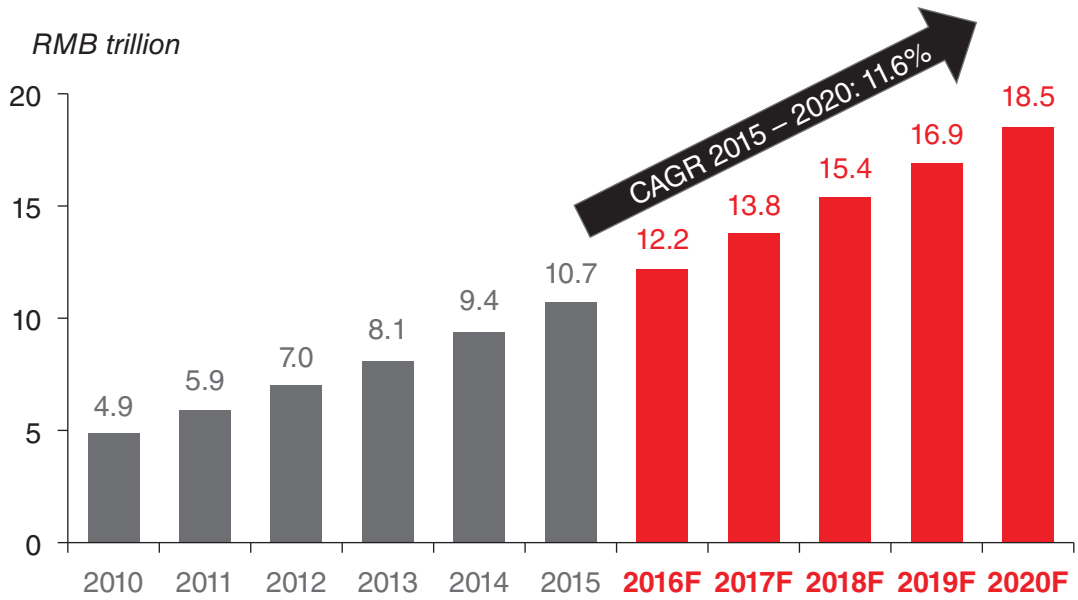
- "*The Internet Plus*" action plan announced by the Premier of the State Council, Li Keqiang in March 2015 which focuses on the integration of modern manufacturing with mobile internet, cloud computing, big data, and the Internet of Things, in order to encourage to encourage the development of e-commerce, industrial networks, and Internet banking, as well as to increase the international market presence of Chinese Internet-based companies;
- "*The Master Plan of Medium and Long-term Development of Logistics Industry*" in 2014 which establishes the tone for developing a favourable environment for growth in the logistics industry; and
- "*One Belt One Road*" initiative in 2013 which aims at building the Silk Road Economic Belt and Maritime Silk Road in the 21st century, providing the logistics industry an opportunity to go beyond borders to participate in international economic cooperation.

Rapid growth of the Chinese e-commerce market which drives demand for e-commerce infrastructure

According to the Independent Market Research Consultant's projections, both the market size of B2B e-commerce and retail (B2C and C2C) e-commerce in China are set to increase year-on-year until 2020.

According to the Independent Market Research Consultant, China's B2B e-commerce market has exhibited steady growth over the last five years, growing at an impressive CAGR of 16.9% since 2010. The growth is expected to continue in the next five years, at an expected healthy CAGR of 11.6%. By 2020, China's B2B e-commerce market will be valued at RMB18.5 trillion. Correspondingly, earning levels have also grown steadily, averaging an annual growth of 31.2% for the past five years.

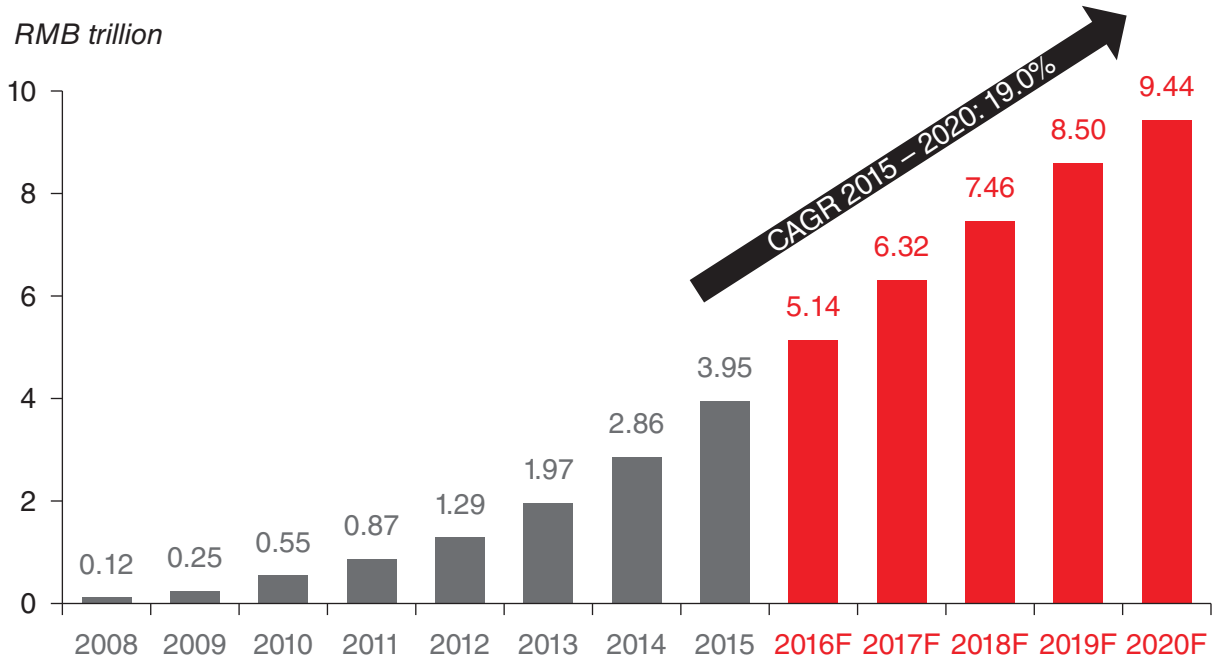
Market Size of China B2B E-Commerce



Source: Independent Market Research Report.

Underpinned by increasing internet penetration and spending power of middle-income families in China, the Chinese e-commerce market has been expanding rapidly. According to the data published by the National Statistics Bureau of China[1], the total volume of online retail sales in 2015 was approximately RMB3.95 trillion, which represented a significant growth of 100.0% from 2013, the year China surpassed the U.S. in terms of total retail e-commerce sales. According to the Independent Market Research Consultant, China will continue to enjoy rapid growth in retail e-commerce sales, with an expected CAGR of 19.0% until 2020. By then, China's retail e-commerce market will more than triple the size of the U.S. retail e-commerce market.

Market Size of China Retail (B2C & C2C) E-Commerce

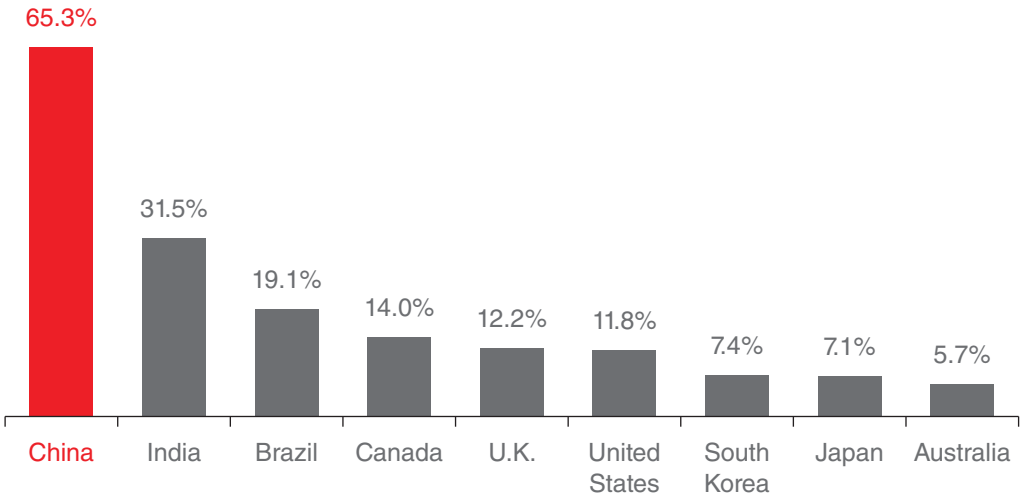


Source: Independent Market Research Report.

At present, China's retail e-commerce growth is the highest in the world. Driven by its large market size, and recent developments of the e-commerce industry, China's growth far exceeds the rates exhibited by both the developing nations as well as the leading developed countries. In 2014, China's B2C e-commerce sales growth of 65.3% was more than two times that of India's and more than four times the growth registered by the U.K. or the U.S.

1 National Bureau of Statistics of China has not provided its consent, for the purposes of Section 249 of the SFA (read with Section 302(1) of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (read with Section 302(1) of the SFA). While the Manager has taken reasonable action to ensure that the information from the relevant report published by National Bureau of Statistics of China is reproduced in its proper form and context, and that the information is extracted accurately and fairly, neither the Manager nor any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

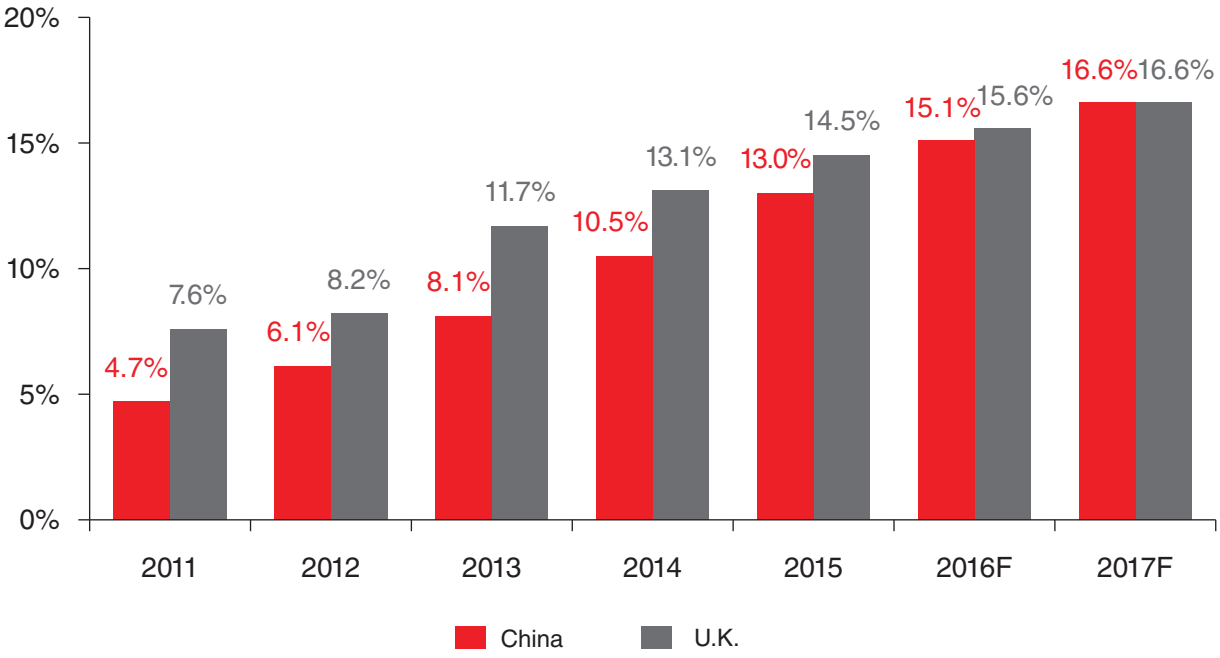
B2C E-Commerce Sales Growth Rate of Selected Countries in 2014



Source: Independent Market Research Report.

The online retail sector has become an important component of China's economy, with the country's proportion of online retail sales to total retail sales of consumer goods rapidly increasing from 1.1% in 2008 to 13.0% in 2015. According to Independent Market Research Consultant, by 2017, China is expected to catch up with the U.K., currently the world's leading nation in terms of proportion of online retail sales to total retail sales.

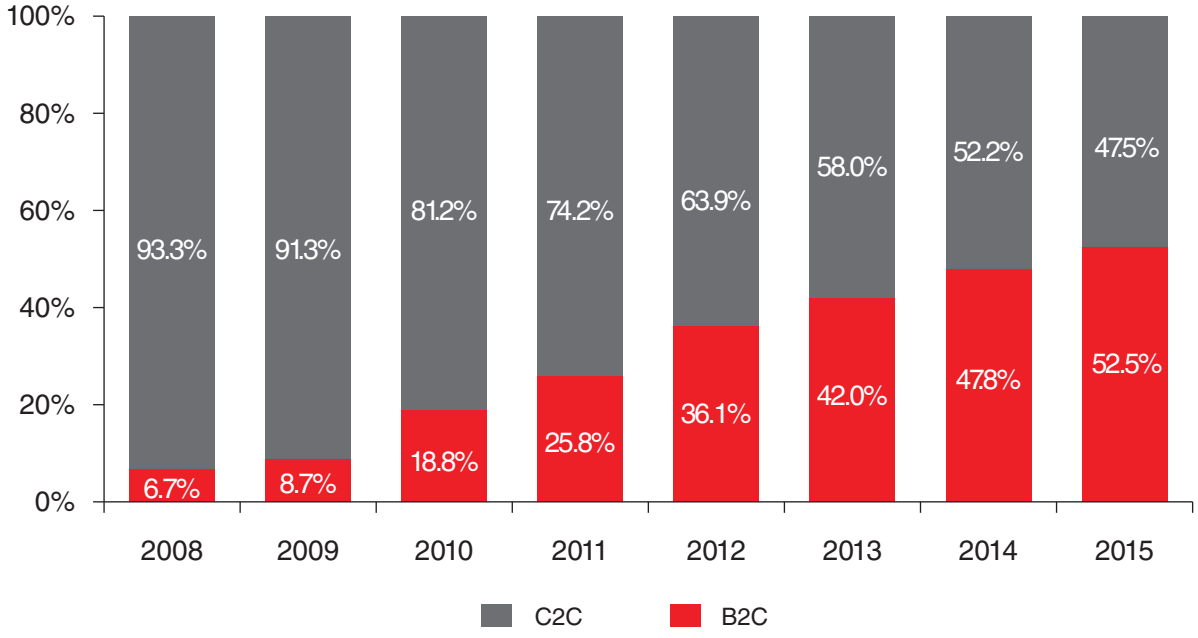
Proportion of Online Retail Sales to Total Retail Sales



Source: Independent Market Research Report.

In terms of contribution by the B2C and C2C sectors, it is noted that China's retail e-commerce market has traditionally been dominated by the C2C sector, which also comprises the SMEs in addition to individuals. However, the pace of development of the Chinese retail e-commerce market has since attracted the larger brands and manufacturers to the market. By 2015, the proportion of the B2C segment has grown significantly to 52.5% from a mere 6.7% in 2008. In 2015, Chinese B2C e-commerce retail sales totalled RMB2.1 trillion, an increase of 55.0% from 2014. Going forward, the Independent Market Research Consultant expects the market contribution of B2C e-commerce businesses to increase, with the retail sales of B2C e-commerce enterprises expected to grow by more than five times by end-2020.

Chinese Retail E-Commerce Breakdown by Business Segment



Source: Independent Market Research Report.

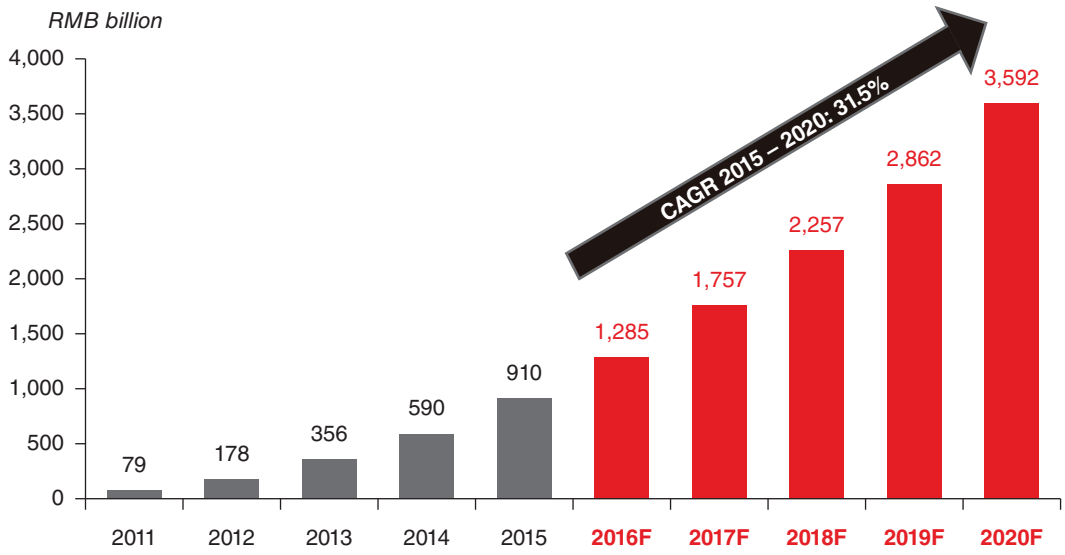
E-commerce market brings about rapid growth of e-commerce service industry

Aside from e-commerce transaction services, the e-commerce service industry broadly comprises the following two main categories:

- supporting services, such as payment, logistics, express deliveries, credit authentication, exhibition and media; and

- derivative services, such as data service, training and consultation.

Size of China's E-Commerce Supporting and Derivative Service Industries

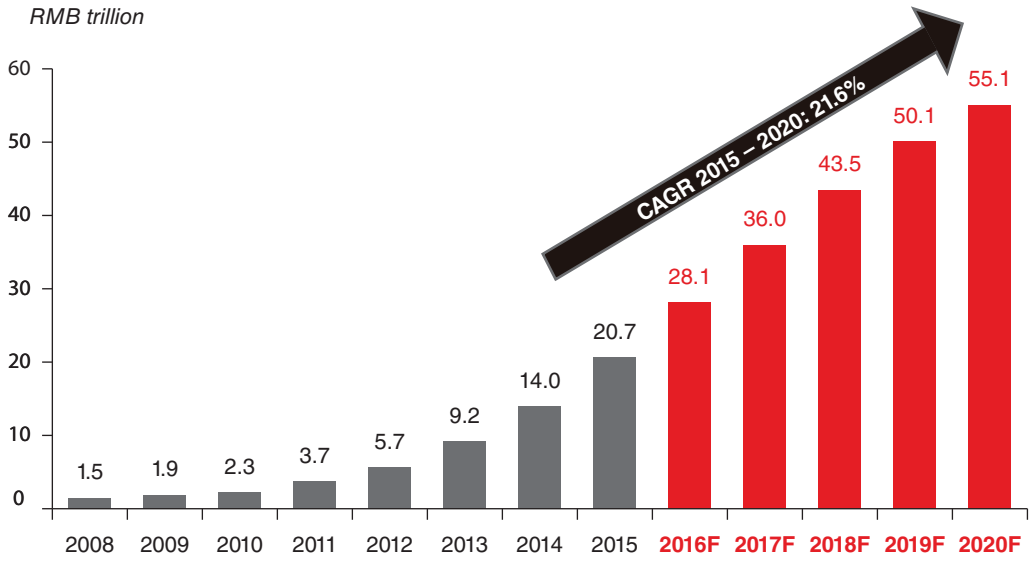


Source: Independent Market Research Report.

Notably, the industry size of the e-commerce supporting and derivative services is substantially large. In 2015, the total size of both services in China was RMB910 billion, growing at a significant rate of 54.2% from 2014. For the period until 2020, the industry is expected to grow at a healthy CAGR of 31.5%.

As a whole, China's e-commerce industry is expected to continue developing, as well as to continuously transform existing business dynamics. With national strategies such as "Internet Plus" supporting the integration of the internet and traditional industries, the Independent Market Research Consultant expects the e-commerce business supply chain, in particular the e-commerce supporting and derivative services, to undergo rapid changes.

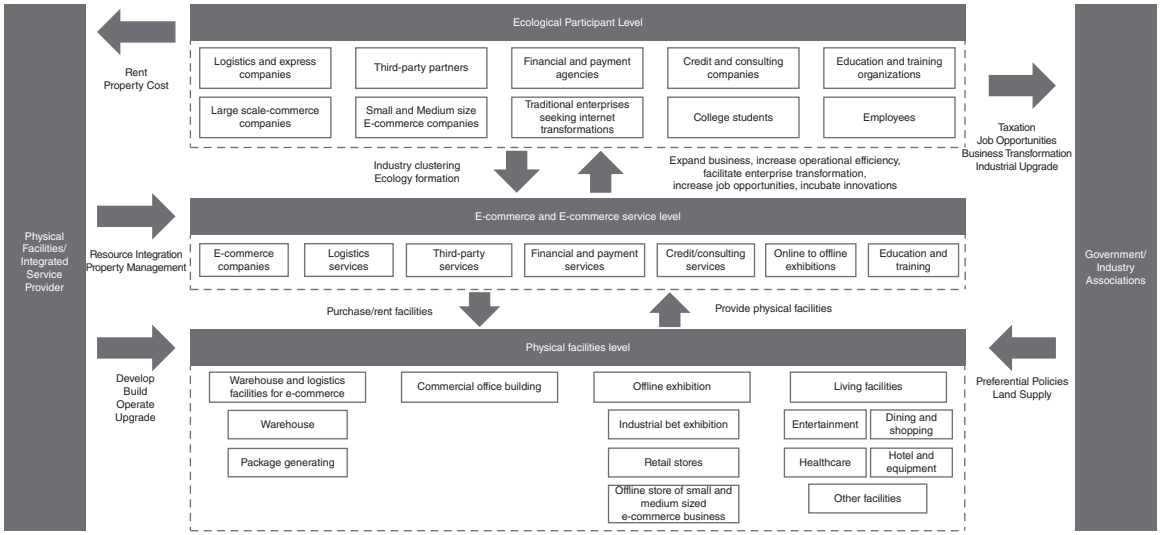
Express Delivery Volume in China



Source: Independent Market Research Report.

Shift towards integrated e-commerce physical facilities

The boom in the e-commerce industry and e-commerce service industry has led to an increase in demand for integrated e-commerce hubs with facilities such as administrative centres, warehouse and distribution centres, online to offline exhibition centres and consulting and training centres. Such e-commerce eco-system helps improves efficiency as the services required in the entire e-commerce end-to-end value chain can be found and shared in one location, boosting the competitiveness of e-commerce entrepreneurs as shorter turnaround times are achieved.



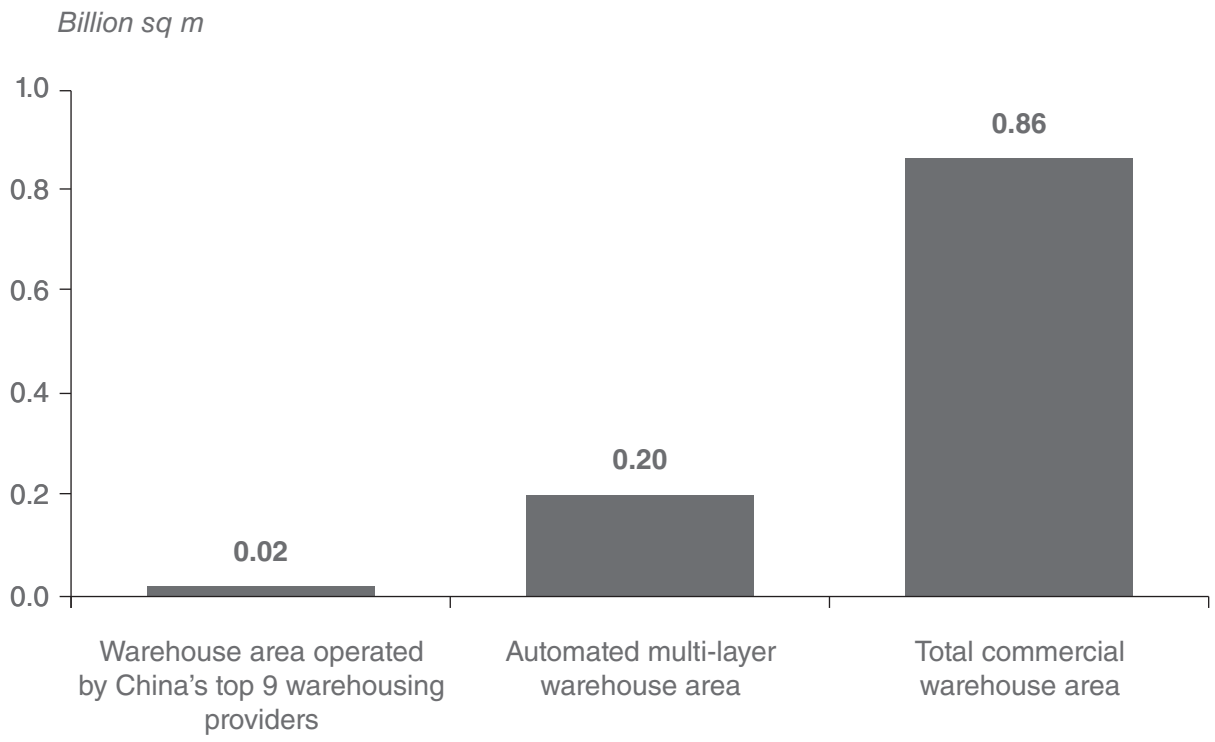
Source: Independent Market Research Report.

Shortage of quality logistics facilities in the PRC to support the growth of the Chinese e-commerce industry

Good logistics support is fundamental to ensuring the smooth operations of e-commerce, and logistics accounts for approximately 3.0% to 5.0% of the margin from e-commerce businesses. According to Colliers, aided by the growth of the Chinese e-commerce industry, the development of the Chinese logistics property sector has advanced as e-commerce requires the support of high quality warehouse space for merchandise storage and distribution. Colliers also reported that the overall national average rent for quality warehouses[1] has risen for the past 18 consecutive quarters due to the shortage in supply of quality warehousing and logistics facilities.

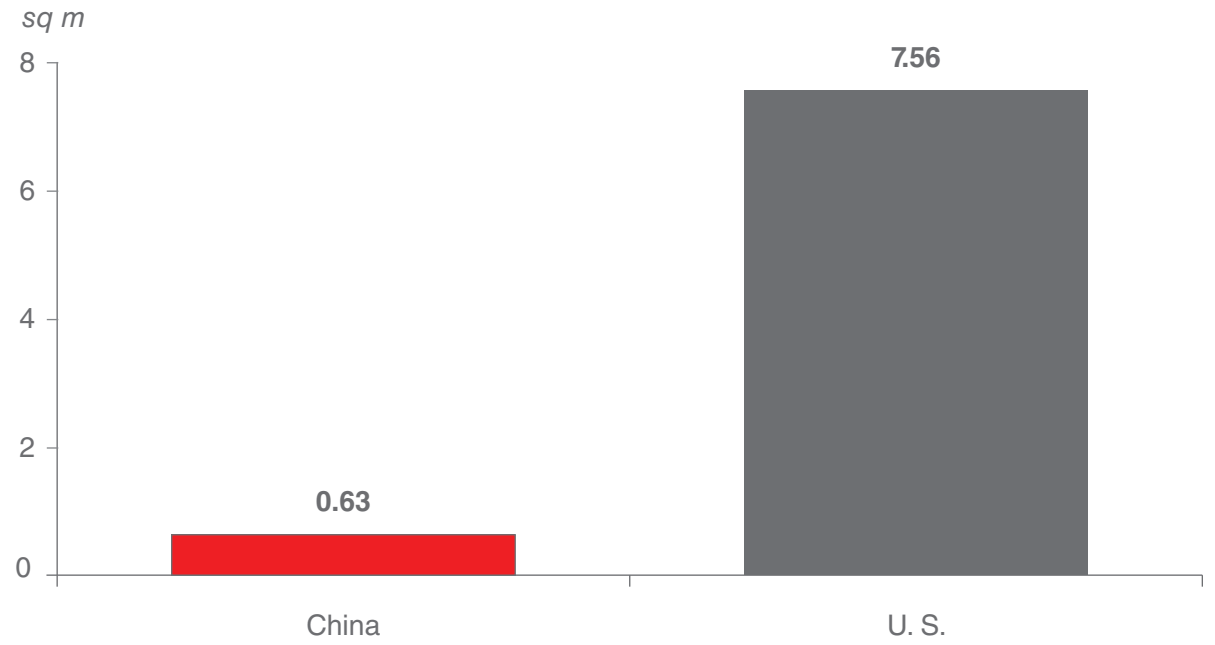
1 Quality warehouses refer to those purpose-designed and purpose-built warehouses which are in line with professional standards.

2013 Comparison of Warehouse Area in China



Source: Independent Market Research Report.

2014 Per Capita Warehouse Area



Source: Independent Market Research Report.

COMPETITION

Competition in the E-commerce Sector

In PRC, there are a number of providers in the e-commerce logistics sector with similar offerings to that of EC World, including China South City, Global Logistics Properties, and Best Logistics.

As Savills had reported in its independent property valuation report, at the end of December 2015, the number of e-commerce parks in China exceeded 510, with various industrial parks, innovation parks and software parks all serving e-commerce entrepreneurs. These e-commerce parks are located in more than 110 cities but the distribution of e-commerce parks in China is not balanced. More than 70% of the e-commerce parks are situated in five main provinces, including Zhejiang, Guangdong, Jiangsu, Fujian and Shandong. Hangzhou, the capital city of Zhejiang Province, as the "Capital of Chinese e-commerce", ranks top on the list with largest number of e-commerce parks, because of the development of the largest e-commerce group-Alibaba, and it also promotes the development of e-commerce parks in the cities around Hangzhou. Six of the top 10 cities are located in Zhejiang Province. The details of the ranking are shown below:

Ranking	City
1	Hangzhou (Zhejiang Province)
2	Jinghua (Zhejiang Province)
3	Guangzhou
4	Wenzhou (Zhejiang Province)
5	Taizhou (Zhejiang Province)
6	Shanghai
7	Shaoxing (Zhejiang Province)
8	Shenzhen
9	Ningbo (Zhejiang Province)
10	Quanzhou

For Hangzhou, most of the e-commerce parks are located in Yuhang District (余杭区), Gongshu District (拱墅区), Jianggan District (江干区) and Xihu District (西湖区).

Selected E-Commerce Parks in the Yuhang District

The table below shows selected e-commerce parks in the Yuhang District:

Property	Completion	Daily Rent (RMB/sq m)
According to Savills:		
Roth Haibang Park (乐富海邦园)	2015	1.5 – 1.8
Lv'an Technology Park (绿岸科技园)	2015	1.0 – 1.5
Hundsun Science & Technology Park (恒生科技园)	2013/2016	2.0
Saycan (希恳孵化园)	2014	1.8
Lierda Science Park (利尔达物联网科技园)	2015	1.8
According to Colliers:		
TongHua Steel International (通钢国际)	2015	0.8 – 1.0
Saycan (希恳孵化园)	2014	1.6 – 2.0
Roth Haibang Park (乐富海邦园)	2015	1.3 – 1.6
Lv'an Technological Creativity Park (绿岸科创园)	2015	1.1 – 1.5
Hundsun Science & Technology Park (恒生科技园)	2013/2016	1.8 – 2.2

Selected E-Commerce Parks in the Gongshu District

The table below shows selected e-commerce parks in the Gongshu District:

Property	Completion	Daily Rent (RMB/sq m)
According to Savills:		
Taijia Plaza (泰嘉园)	2014	1.9
Loft Power (乐富智汇园)	2010	1.6
Insigma IntelliCube (浙大网新, 智慧立方)	2015	1.5 – 1.8
Xiangyuan Creative Industry Park (祥园创意产业园)	1998	1.6
China Wisdom Information Industry Park (中国智慧咨询产业园)	2015	1.6 – 2.0
According to Colliers:		
China (Hangzhou) Wisdom Information Industry Park (中国(杭州) 智慧信息产业园)	2015	1.6 – 2.0
Xiangyuan Creative Industrial Park (祥园创意产业园)	1998	1.3 – 1.7
Loft Power (乐富智汇园)	2010	1.6 – 2.0

Selected E-Commerce Parks in the Jianggan District

The table below shows selected e-commerce parks in the Jianggan District:

Property	Completion	Daily Rent (RMB/sq m)
According to Savills:		
Oriental E-commerce Park (东方电子商务园)	2009	1.0 – 1.5
Hangzhou net-commerce Park (杭州网商园)	2009	1.0 – 1.5
Xiasha E-commerce Park (下沙电子商务园)	2009	0.8 – 1.2
Hangzhou High-tech Business Incubator (杭州市高科技企业孵化园区)	2007	1.0 – 1.5
Hangzhou Service Outsourcing Building (杭州服务外包大楼)	2013	1.0 – 1.5
According to Colliers:		
Oriental E-Commerce Park (东方电子商务园)	2009	1.0 – 1.3
Hangzhouwang Commercial Park (杭州网商园)	2009	1.1 – 1.4
Xiasha E-Commerce Park (下沙电子商务园)	2009	0.8 – 1.2
Hangzhou High-Tech Business Incubator (杭州市高科技企业孵化园区)	2007	1.0 – 1.5
Hangzhou Service Outsourcing Building (杭州服务外包大楼)	2013	1.0 – 1.5

Selected E-Commerce Parks in the Xihu District

The table below shows selected e-commerce parks in the Xihu District:

Property	Completion	Daily Rent (RMB/sq m)
According to Savills:		
Enjoyor (银江科技园)	2007	2.0 – 2.3
Hangzhou E-commerce Industry Park (杭州电子商务产业园)	2010	2.1
Xixi Huayang Creativity Park (西溪华洋创意园)	2014	1.7
Hangzhou Wisdom Information Industry Park (杭州智慧产业创业园)	2014	1.9
According to Colliers:		
Greentown Xixi International (西溪国际)	2015	2.2 – 2.6
Xixi Chengpin (西溪诚品)	2015	1.8 – 2.3

Competition in the Warehouse and Logistics Space Sector

The table below shows information on selected competitors in the Hangzhou warehouse and logistics space sector.

Property	District	Completion	Daily Rent (RMB/sq m)
According to Savills:			
GLP Hangzhou Logistics Park (普洛斯杭州物流园)	Jianggan	–	1.1
Heda Logistics Park (和达物流园)	Jianggan	–	0.9
Hangzhou Furi Logistics Park (杭州富日物流园)	Jianggan	–	0.8
Minfa Construction Stone Material Arts and Crafts Market (闽发建筑石材工艺品市场)	Jianggan	–	0.9
Zhongshun Logistics Park (中顺物流园)	Jianggan	–	0.7
Zhongmin Taobang E-commerce Park (中闽淘邦电子商务园)	Jianggan	–	0.6
Wanjia Logistics E-commerce Industry Park (万家物流电子商务产业园)	Jianggan	–	0.9
Zhonggang E-commerce Park (中港电商园)	Xiaoshan	–	0.6
Chuanhua Logistics Base (传化物流基地)	Xiaoshan	–	0.8
Chuanshanjia E-commerce Park (川山甲电商园)	Binjiang	–	0.6
According to Colliers:			
GLP Linjiang Logistics Park Phase 2 (普洛斯临江物流园二期)	Linjiang	2014	1.0 – 1.1
GLP Hangzhou Logistics Park Phase 1 (普洛斯杭州物流园一期)	Xiasha	2007	1.0 – 1.1
Heda Logistics Park (和达物流园)	Xiasha	2007	0.7 – 0.9
Yayu Logistics Park (亚誉物流园)	Jiangdong	2014	0.7 – 0.8
Yayu Logistics Park-Shuiboyuan Project (亚誉物流园水博园项目)	Xiaoshan	2015	0.7 – 0.8
Transfar Logistics Centre (传化物流基地)	Xiaoshan	2003	0.6 – 0.8

Competition in the Port Space Sector

Currently, Hangzhou has nine port areas including Qianjiang (钱江港区), Yunhe (运河港区), Xiaoshan (萧山港区), Yuhang (余杭港区), Fuyang (富阳港区), Tonglu (桐庐港区), Jiande (建德港区), Chun'an (淳安港区), and Lin'an (临安港区). Yuhang, Yunhe, Qianjiang and Xiaoshan, which are located in the urban area, are the main areas in Hangzhou.

As per Savills' market investigation, most ports in Hangzhou are self-operated by local land owners while some are leased to management companies or factories for self-use. Many docks, especially those which are well-located and managed, are rarely found to be vacant in the market. Rental is usually charged by unloading fee per tonne. Generally, the rent ranges from RMB8 to RMB15 per tonne.

CERTAIN INFORMATION ON THE PROPERTIES

Key Information on the Properties

The table below sets out certain information on the Properties as at 31 December 2015, with independent valuations by the Independent Valuers as at 31 December 2015.

	Chongxian Port Investment	Chongxian Port Logistics	Fu Zhuo Industrial	Stage 1 Properties of Bei Gang Logistics	Fu Heng Warehouse	Hengde Logistics	Total/Average
Property Type	Port	Warehouse	Port	E-commerce property	E-commerce property	Large-scale specialised logistics	–
Location	Hangzhou City	Hangzhou City	Hangzhou City	Hangzhou City	Hangzhou City	Hangzhou City	–
GFA (sq m)	N.A.[1]	121,217	2,302	120,449	95,072	238,032	577,072
NLA (sq m)	112,726	125,856[2]	7,128[2]	120,449	94,287	238,032	698,478
Number of Tenants	1	58	2	1	1	2	61[3]
Committed Occupancy[4]	100.0%	100.0%	100.0%	55.3%	100.0%	100.0%	92.3%[5]
Car Park Lots	Nil	238	45	1278	730	Nil	2291
Independent Valuation by Colliers (RMB million)	2,095.0	865.0	108.0	1,288.0	550.0	1,452.0	6,358.0
Independent Valuation by Savills (RMB million)	2,089.0	840.0	105.0	1,298.0	555.0	1,468.0	6,355.0
Average Independent Valuation (RMB million)	2,092.0	852.5	106.5	1,293.0	552.5	1,460.0	6,356.5

1 According to the Standard in Calculating the Floor Area of Building Works (《建筑工程建筑面积计算规范》) set by the Ministry of Housing and Urban-Rural Development of the PRC, the storage yard is classified into the category of "building structure" (构筑物), for which there is no GFA figure measured and defined. However, the field area of the storage yard can be measured and leased to tenants as the "net lettable area".

2 The NLA of Chongxian Port Logistics and Fu Zhuo Industrial include the area of their storage yard.

3 There are three tenants which have leases in multiple Properties.

4 The Master Leases for Chongxian Port Investment and Fu Heng Warehouse commenced from 1 January 2016. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015, and without the Master Lease, the underlying occupancy rate of the Stage 1 Properties of Bei Gang Logistics is 55.3% as at 31 December 2015. Following the implementation of the Master Lease, the Master Lessee of the Stage 1 Properties of Bei Gang Logistics restructured the underlying lease arrangements to intensify the Property's focus as a hub for e-commerce businesses and in this process, the earlier tenancies which were less relevant to e-commerce sector were restructured or terminated, thereby resulting in an underlying occupancy rate of 55.3% for the Property as at 31 December 2015.

5 Based on the underlying weighted average occupancy rate as at 31 December 2015.

	Chongxian Port Investment	Chongxian Port Logistics	Fu Zhuo Industrial	Stage 1 Properties of Bei Gang Logistics	Fu Heng Warehouse	Hengde Logistics	Total/Average
Purchase Consideration (RMB million)	1,682.1	685.5	85.6	1,039.7	444.2	1,173.9	5,111.0[3]
Land Use Right Expiry	December 2055[1]	First complex – December 2055 Second complex – September 2060	December 2055[2]	March 2052	May 2059	First complex – July 2053 Second complex – July 2059	–
Remaining Lease Tenure	40	First complex – 40 Second complex – 45	40	37	44	First complex – 38 Second complex – 44	41
Commencement of Operations	August 2008	January 2010	October 2014	June 2015	February 2015	First complex – November 2010 Second complex – April 2013	–

1 This refers to the expiry date of the land use right for the land underlying the port and the storage yard.

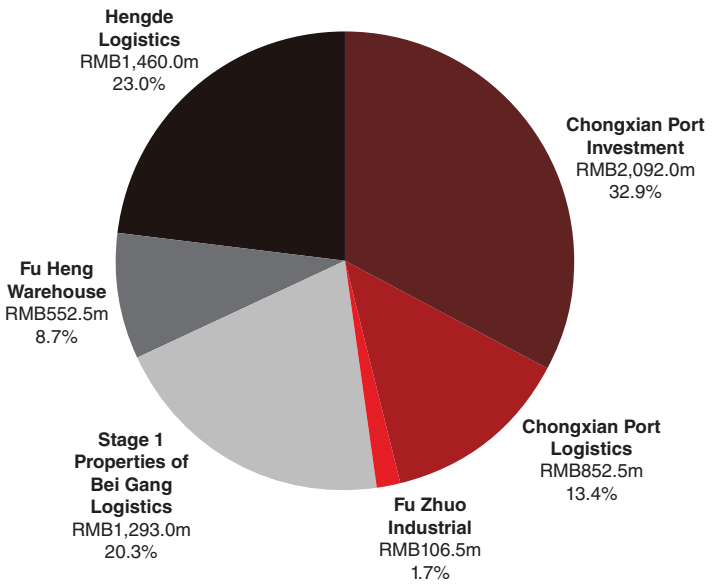
2 This refers to the expiry date of the land use right for the land underlying the port, the warehouse, the workshop, storage yard and office building.

3 This refers to the sum of (i) the acquisition of the PRC Property Companies, (ii) the repayment of existing loans, (iii) the Redemption, and (iv) the payment of the initial paid-in capital of Hangzhou Fu Heng Warehouse Co., Ltd. as reflected in the "Use of Proceeds" section.

Property Sector Analysis

The chart below provides a breakdown of the average independent valuation of the IPO Portfolio by property as at 31 December 2015.

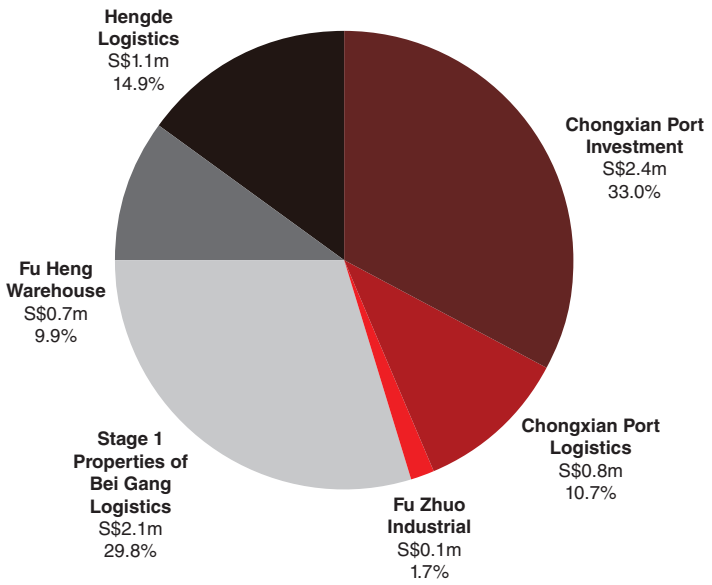
Breakdown of Average Independent Valuation by Property



IPO Portfolio Pro Forma Gross Rental Income, Net Property Income and Occupancy

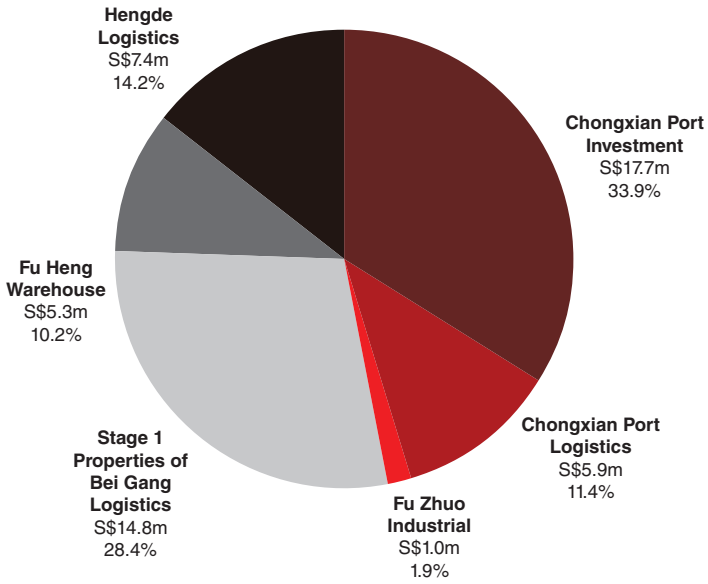
The charts below show the breakdown of Gross Rental Income by Property for the month of December 2015[1], Forecast Period 2016 and Projection Year 2017.

Breakdown of Gross Rental Income by Property for month of December 2015

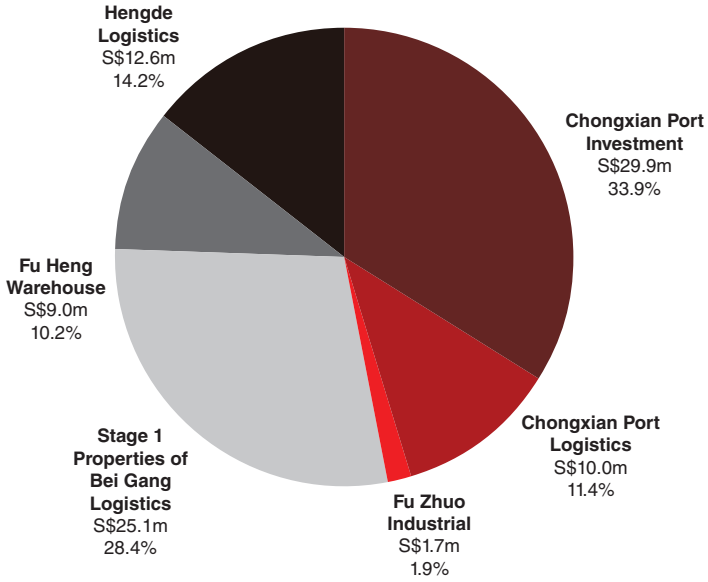


1 This assumes that the Master Leases for Chongxian Port Investment and Fu Heng Warehouse are in place. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015.

Breakdown of Gross Rental Income by Property for Forecast Period 2016

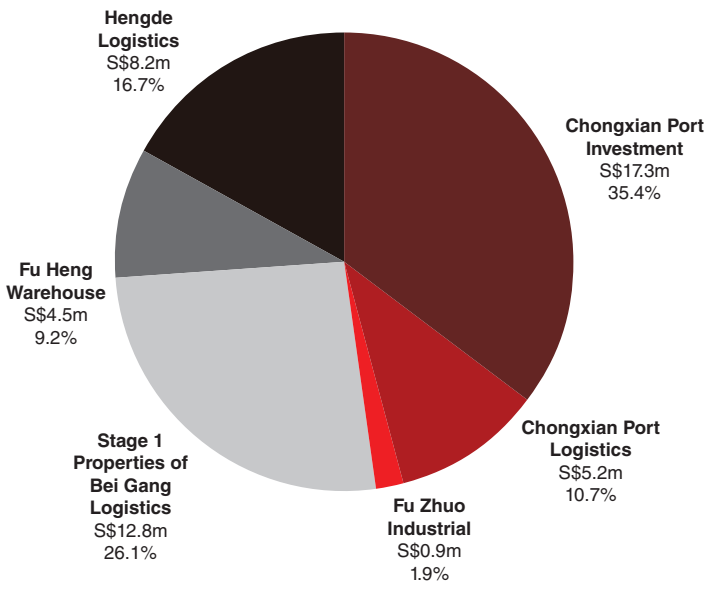


Breakdown of Gross Rental Income by Property for Projection Year 2017

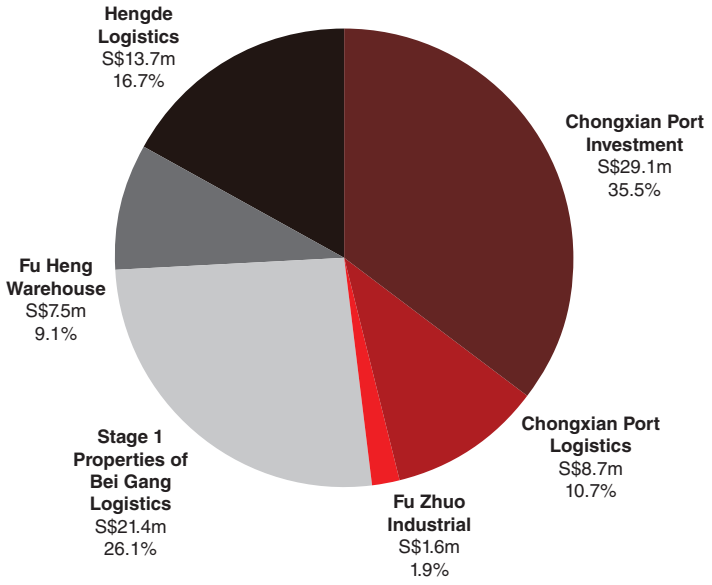


The charts below show the breakdown of Net Property Income by Property for Forecast Period 2016 and Projection Year 2017.

Breakdown of Net Property Income by Property for Forecast Period 2016



Breakdown of Net Property Income by Property for Projection Year 2017



The master lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015 and the master lease for Chongxian Port Investment and Fu Heng Warehouse commenced from 1 January 2016. The master lessees are the Sponsor and its subsidiaries.

The table below shows the weighted average underlying occupancy rate for the IPO Portfolio by property (in the absence of the Master Leases) as at 31 December 2015 and for Forecast Period 2016 and Projection Year 2017.

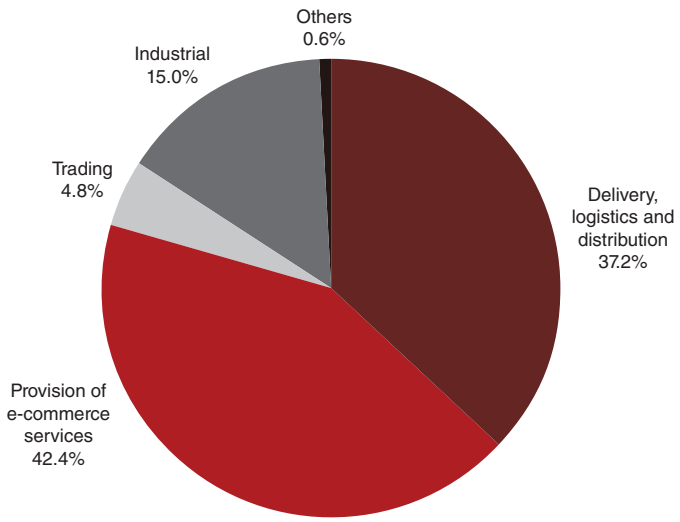
Property	As at 31 December 2015	Forecast Period 2016	Projection Year 2017
Chongxian Port Investment	100.0%	100.0%	100.0%
Chongxian Port Logistics	100.0%	100.0%	100.0%
Fu Zhuo Industrial	100.0%	100.0%	100.0%
Stage 1 of Bei Gang Logistics	55.3%	85.0%	95.0%
Fu Heng Warehouse	100.0%	100.0%	100.0%
Hengde Logistics	100.0%	100.0%	100.0%
Total	92.3%	97.4%	99.1%

Trade Sector Analysis

IPO Portfolio

The chart below provides a breakdown of Gross Rental Income by trade sector for the month of December 2015.[1]

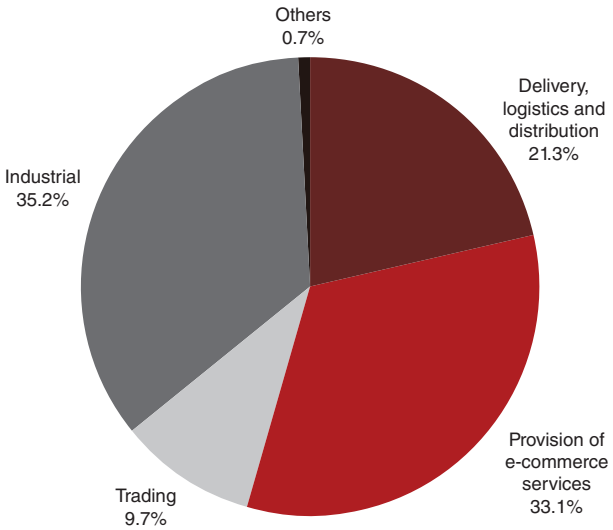
Breakdown of Gross Rental Income by Trade Sector



1 This assumes that the Master Leases for Chongxian Port Investment and Fu Heng Warehouse are in place. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015.

The chart below provides a breakdown of NLA by trade sector as at 31 December 2015.[1]

Breakdown of NLA by Trade Sector



Top 10 Tenants

Collectively, the top 10 tenants contributed 96.6%[2] of the IPO Portfolio's Gross Rental Income for the month of December 2015.

The following table sets out selected information on the top 10 tenants for the IPO Portfolio by Gross Revenue for the month of December 2015 (assuming all the Master Leases were in place). The master lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015 and the master lease for Chongxian Port Investment and Fu Heng Warehouse commenced from 1 January 2016. The master lessees are the Sponsor and its subsidiaries.

Tenant	Property	Trade Sector	% of Gross Rental Income (for the month of December 2015)
Hangzhou Fu Gang Supply Chain Co., Ltd. 杭州富港供应链有限公司[(1)]	Chongxian Port Investment,Chongxian Port Logistics and Fu Zhuo Industrial	Delivery, logistics and distribution	35.9%
Forchn Holdings Group Co., Ltd 富春控股集团有限公司	Stage 1 Properties of Bei Gang Logistics and Chongxian Port Logistics	Provision of e-commerce services, and Others	30.4%

1 This assumes that the Master Leases for Chongxian Port Investment and Fu Heng Warehouse are in place. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015.

2 This assumes that the Master Leases for Chongxian Port Investment and Fu Heng Warehouse are in place. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015.

Tenant	Property	Trade Sector	% of Gross Rental Income (for the month of December 2015)
China Tobacco Zhejiang Industrial Co., Ltd. 浙江中烟工业有限责任公司	Hengde Logistics	Industrial	14.2%
Hangzhou Fuyang Yunton E-Commerce Co., Ltd. 富阳运同电子商务有限公司(2)	Fu Heng Warehouse and Hengde Logistics	Provision of e-commerce services	10.6%
Zhejiang Yuntong E-commerce Co., Ltd. 浙江运通电子商务有限公司(3)	Chongxian Port Logistics	Provision of e-commerce services	1.8%
Hangzhou Xi Lian Logistics Co., Ltd 杭州西联物流有限公司	Fu Zhuo Industrial	Delivery, logistics and distribution	1.4%
Zhejiang Gao Yang Supplies Co., Ltd. 浙江高阳物资有限公司	Chongxian Port Logistics	Trading	0.8%
Zhejiang Cheng Feng Steel Co., Ltd. 浙江乘风钢铁有限公司	Chongxian Port Logistics	Trading	0.6%
Hangzhou Hua Qiang Industrial Co., Ltd. 杭州华强实业有限公司	Chongxian Port Logistics	Industrial	0.6%
Hangzhou Cheng Feng Supplies Co., Ltd. 杭州乘风物资	Chongxian Port Logistics	Trading	0.3%
Top 10 Tenants			96.6%
Other Tenants			3.4%
Total			100.0%

Notes:

(1) Hangzhou Fu Gang Supply Chain Co., Ltd. is a subsidiary of the Sponsor.

(2) Hangzhou Fuyang Yunton E-Commerce Co., Ltd. is a subsidiary of the Sponsor.

(3) Zhejiang Yuntong E-Commerce Co., Ltd. is a subsidiary of the Sponsor.

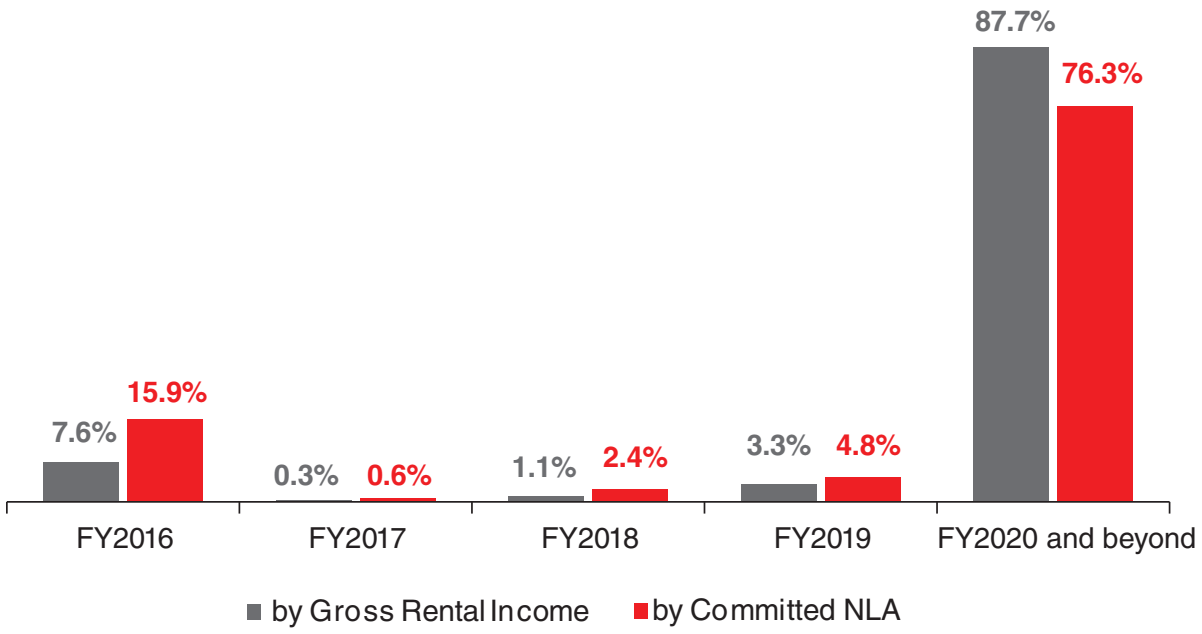
Lease Expiry Profile

The WALE by committed NLA of the IPO Portfolio as at is 4.1 years as at 31 December 2015, and the WALE by Gross Rental Income for the month of December 2015 is 4.6 years.

The leases at the Properties are generally for terms of one to five years. However, certain tenants have longer lease periods that expire between six and 14 years. Such medium-term lease periods provide income stability to the IPO Portfolio whilst ensuring a favourable tenant mix.

Certain leases have renewal options for further terms and, in line with normal commercial practice, such renewals are generally on like covenants as the original leases except for the determination of the renewal rental rate, which will be determined according to prevailing market rents. As at 31 December 2015, approximately 7.6%[1] of leases (by Gross Rental Income) are expected to expire in Forecast Period 2016 and this represents rental reversion potential for the IPO Portfolio.

The chart below illustrates the lease expiry profile of the Properties by Gross Rental Income and committed NLA as at 31 December 2015 respectively.



The table below sets out the number of leases expiring in the Properties for FY2016, FY2017, FY2018, FY2019 and FY2020 and beyond (based on the leases as at 31 December 2015 and assuming that all the Master Leases were in place).[2]

	FY2016	FY2017	FY2018	FY2019	FY2020 & Beyond
No. of leases expiring as at 31 December 2015	37	15	7	19	35

Marketing and Leasing Activities

The Property Manager provides quality leasing, management and marketing services to the Properties. It will:

- update prospective tenants regularly with information on the available space at each of the Properties;
- conduct regular viewings of the premises with prospective tenants to market vacant units; and
- explore opportunities for joint marketing efforts and other mutually beneficial opportunities with the Sponsor.

1 This assumes that the Master Leases for Chongxian Port Investment and Fu Heng Warehouse are in place. The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015.

2 The Master Lease for the Stage 1 Properties of Bei Gang Logistics commenced from 1 November 2015 and the Master Leases for Chongxian Port Investment and Fu Heng Warehouse commenced from 1 January 2016.

This enables EC World REIT to maximise rental returns and achieve long-term capital appreciation, market leadership in the respective asset classes and maintain its brand position.

The Property Manager may engage third party service providers to perform certain property management services, provided that the Property Manager will be responsible for the payment of fees to such third party service providers. (See "Certain Agreements Relating to EC World REIT and the Properties".)

Lease Agreements and Lease Management

The lease agreements entered into for the Properties contain certain terms and conditions, including those relating to the duration of the lease, provision of security deposit, as well as alteration and improvement works, generally found in most retail lease agreements in the PRC. The Manager believes that these terms and conditions are in line with generally accepted market practice and procedures.

When a prospective tenant has committed to a lease, a security deposit in the form of cash or banker's guarantee equal to between one to six month(s)' gross rent (inclusive of service charge) is typically payable. The tenant will take possession of the premises after it has made the requisite payments and has formally executed the letter of offer. Rent and service charge are typically payable in advance on a monthly basis.

The Property Manager will maintain close communication and good working relationships with existing tenants and will meet with them regularly to address their needs. It will conduct lease renewal negotiations with tenants ahead of their lease expiries.

Arrears management procedures will also be enforced to ensure timely payment of rent and service charge. The Manager believes that these proactive steps to retain tenants and reduce rental in arrears will help maintain a stable income stream for EC World REIT.

The Property Manager also operates a comprehensive tenancy retention program to ensure, where possible, certainty of long-term occupancy. In addition, the Property Manager seeks to ensure a good tenant mix for the Properties.

CAPITAL EXPENDITURE

The Manager expects the capital expenditure for the IPO Portfolio to be RMB10.9 million and RMB1.9 million in Forecast Period 2016 and Projection Year 2017, respectively. It does not expect such works to result in any significant impact to the operations of the Properties. The capital expenditure of the IPO Portfolio for Forecast Period 2016 and Projection Year 2017 represent 2.4% and 0.4% of EC World REIT's Gross Revenue for Forecast Period 2016 (annualised) and Projection Year 2017.

(See "Profit Forecast and Profit Projection – Assumptions – Capital Expenditure" for further details.)

EMPLOYEES

The table below sets out the details of the number of employees of the PRC Property Companies for the most recent three financial years. Post-Listing, the number of employees shall be reduced to two employees per PRC Property Company, being the general manager and financial controller of each PRC Property Company. This is because the PRC Property Companies will not need more employees than the statutory minimum number required and the services of managing the Properties shall be undertaken by the Property Manager. Therefore, the Sponsor has arranged for the employees of the PRC Property Companies to be transferred to the Property Manager.

No.	PRC Property Company	FY2013	FY2014	FY2015
1	Hangzhou Chongxian Port Investment Co., Ltd.	347	357	18
2	Hangzhou Chongxian Port Logistics Co., Ltd.	21	21	2
3	Hangzhou Fu Zhuo Industrial Co., Ltd.	0	7	3
4	Hangzhou Bei Gang Logistics Co., Ltd.	52	52	0
5	Hangzhou Fu Heng Warehouse Co., Ltd.	0	0	0
6	Zhejiang Hengde Sangpu Logistics Co., Ltd.	203	211	4
Total		**623**	**648**	**27**

Prior to Listing and the employment transfer, there were labour unions at Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd., where each labour union acted as a communication channel between the employer and the employees.

INSURANCE

EC World REIT has insurance for the Properties that the Manager believes are consistent with industry practice in the PRC. Their coverage includes property comprehensive insurance (including fire accident and property damage) and public liability (including personal injury). There are no significant or unusual excess or deductible payments required under such policies. All insurance contracts undergo a competitive bid process and insurance brokers are retained to identify requirements, create specifications and evaluate bids with a view to determining the most appropriate coverage and pricing.

There are, however, certain types of risks that are not covered by such insurance policies, including acts of war, terrorism, losses caused by the outbreak of contagious diseases, contamination and other environmental breaches. (See “Risk Factors – Risks Relating to the Properties – EC World REIT may suffer material losses in excess of insurance proceeds or EC World REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties” for further details.)

ENCUMBRANCES

The Properties are subject to the encumbrances as set out in “Capitalisation and Indebtedness – Indebtedness”.

LEGAL PROCEEDINGS

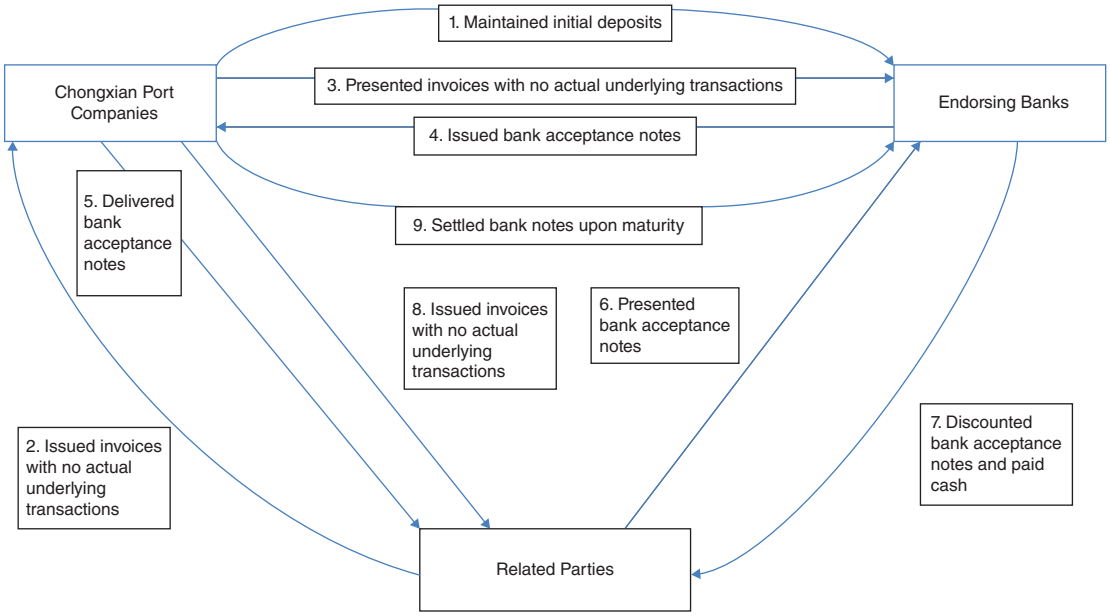
None of EC World REIT and the Manager is currently involved in any material litigation or arbitration proceedings nor, to the best of the Manager's knowledge, is in any material litigation and arbitration proceedings currently contemplated or threatened against EC World REIT or the Manager which may have, or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.

NON-COMPLIANT BILL FINANCING ARRANGEMENTS

Background

For the period from March 2007 to July 2015, two of EC World REIT's subsidiaries, the Chongxian Port Companies had entered into credit arrangements with the Endorsing Banks, where the Endorsing Banks issued bank acceptance notes and allowed the Chongxian Port Companies to obtain financing for their related parties.[1]

The following chart illustrates the flow of the above-mentioned bill financing arrangements:



Notes:

1. The Chongxian Port Companies had placed initial deposits in the bank accounts maintained with the Endorsing Banks. The deposits were generally pledged with the Endorsing Banks in the range of 50% to 100% of the face value of the bank acceptance notes and accounted for as restricted bank deposits.
2. The related parties issued documents for transactions with no commercial substance (including invoices) to the Chongxian Port Companies. These transactions had no commercial substance as there was no profit margin incurred. There is no tax implication on any entities involved in relation to the Non-Compliant Bill Financing Arrangements.
3. The Chongxian Port Companies presented these transaction documents to the Endorsing Banks.
4. Based on these transaction documents, the Endorsing Banks issued bank acceptance notes under the relevant credit agreements and the face value of the bank acceptance notes was accounted for as notes payable in the books of the Chongxian Port Companies.
5. The Chongxian Port Companies then delivered the bank acceptance notes to the related parties.
6. Prior to the maturity of such bank acceptance notes, the related parties presented the bank acceptance notes to the Endorsing Banks.

---

1 The funds raised from the Non-Compliant Bill Financing Arrangements were not used for the properties to be injected into the IPO Portfolio.

7. The Endorsing Banks subsequently discounted the bank acceptance notes and paid cash to the related parties.

8. To offset the profit and loss entries created in Note (2), a "receivable from related parties" and a "payable to the Chongxian Port Companies" were respectively recorded

9. The bank acceptance notes were typically settled within six months from the date of issuance. Upon their maturity, the Chongxian Port Companies repaid the face value of the bank acceptance notes after deduction of the pledged deposit to the Endorsing Banks.

10. The related parties then repaid the Chongxian Port Companies to resolve the outstanding accounts receivable.

According to the PRC Legal Advisers, these bill financing transactions (the "**Non-Compliant Bill Financing Arrangements**") were not compliant with the following:

- the terms of the credit agreements entered into between the Chongxian Port Companies and the Endorsing Banks; and

- the Negotiable Instruments Law and other banking regulations promulgated by the PBOC (being the Measures for the Implementation of Administration of Negotiable Instruments (票据管理实施办法) and the Measures for Payment and Settlement (支付结算办法), where Article 10 of the Negotiable Instruments Law states that bank acceptance notes must be issued on the basis of actual underlying transactions.

The Chongxian Port Companies have not undertaken any new Non-Compliant Bill Financing Arrangement since July 2015 and accordingly, the Endorsing Banks have not issued any new bank acceptance notes. As at 30 November 2015, Hangzhou Chongxian Port Investment Co., Ltd. has receivables from its related parties of this nature amounting to RMB64.8 million and it has fully settled all such bank acceptance notes as of 13 January 2016. As at 31 August 2015, Hangzhou Chongxian Port Logistics Co., Ltd. has receivables from its related parties of this nature amounting to RMB47.0 million and it has fully settled all such bank acceptance notes as of 31 August 2015.

Consequences of the Non-Compliant Bill Financing Arrangements

Civil Liability in relation to the Non-Compliant Bill Financing Arrangements

According to the PRC Legal Advisers, the consequences of non-compliance with the credit agreements are the acceleration of the outstanding amount on the bank acceptance notes and the liability to compensate the Endorsing Banks for their losses (if any) pursuant to the terms of such credit agreements.

Confirmations from the Endorsing Banks

The Endorsing Banks are the Hangzhou Yangbatou branch of Industrial and Commercial Bank of China ("**ICBC**"), the Hangzhou Qingtai branch of Ping An Bank ("**Ping An Bank**") and the Hangzhou Yuhang branch of Shanghai Pudong Development Bank ("**SPD Bank**").

SPD Bank had confirmed in writing that as of 30 October 2015:

(i) Hangzhou Chongxian Port Investment Co. Ltd. has complied with all operating rules, regulations and procedures issued by SPD Bank in relation to its settlement, loans, bill financing and other financing transactions with SPD Bank;

(ii) there has not been any instance where SPD Bank has suffered any loss as a result of late repayment of loans or bill financing or other breaches; and

(iii) SPD Bank will not assert any legal right or take any legal action against Hangzhou Chongxian Port Investment Co., Ltd. in relation to the bill financing activities which the latter had conducted with SPD Bank.

Ping An Bank had confirmed in writing that as of 30 October 2015:

(i) Hangzhou Chongxian Port Investment Co. Ltd. has complied with all operating rules, regulations and procedures issued by Ping An Bank in relation to its settlement, loans, bill financing and other financing transactions with Ping An Bank;

(ii) there has not been any instance where Ping An Bank has suffered any loss as a result of late repayment of loans or bill financing or other breaches; and

(iii) Ping An Bank will not assert any legal right or take any legal action against Hangzhou Chongxian Port Investment Co., Ltd. in relation to the bill financing activities which the latter had conducted with Ping An Bank.

ICBC had confirmed in writing in relation to the Chongxian Port Companies that as of 30 October 2015:

(i) each company has complied with all operating rules, regulations and procedures issued by ICBC in relation to its settlement, loans, bill financing and other financing transactions with ICBC;

(ii) there has not been any instance where ICBC has suffered any loss as a result of late repayment of loans or bill financing or other breaches; and

(iii) ICBC will not assert any legal right or take any legal action against each company in relation to the bill financing activities which the latter had conducted with ICBC.

Administrative or Criminal Liability in relation to the Non-Compliant Bill Financing Arrangements

The PRC Legal Advisers have also advised that the Non-Compliant Bill Financing Arrangements will not constitute fraudulent activities with negotiable instruments for the purpose of illegal possession such as to trigger liability under the Negotiable Instruments Law or the Criminal Law of the PRC (中华人民共和国刑法) on the following bases:

(i) the Non-Compliant Bill Financing Arrangements are merely means which the Chongxian Port Companies used to obtain financing from the Endorsing Banks and they were not undertaken for the purpose of illegal possession;

(ii) the total amount of such Non-Compliant Bill Financing Arrangements did not exceed the total credit limits granted by the Endorsing Banks;

(iii) the existing directors and senior management of the Chongxian Port Companies have not received any personal benefits attributable to such Non-Compliant Bill Financing Arrangements;

(iv) Hangzhou Chongxian Port Logistics Co., Ltd. has paid all amounts due and payable to the Endorsing Banks in full and on time;

(v) in relation to Hangzhou Chongxian Port Investment Co., Ltd. all bank acceptance notes issued pursuant to the Non-Compliant Bill Financing Arrangements that are still outstanding and undue will be fully repaid, since Hangzhou Chongxian Port Investment Co., Ltd. has deposited funds equal to the outstanding amounts to the deposit account with the Endorsing Banks in advance; and

(vi) the Endorsing Banks have not incurred any losses or damages due to such Non-Compliant Bill Financing Arrangements.

Furthermore, the PRC Legal Advisers have advised that there is no express provision in the PRC laws and regulations which impose administrative or criminal liability for such Non-Compliant Bill Financing Arrangements. Accordingly, there would be no administrative or criminal liabilities imposed on the Chongxian Port Companies, their respective shareholders, directors and management.

Confirmation from Relevant Government Authorities

According to the Negotiable Instruments Law and the Measures for the Implementation of Administration of Negotiable Instruments, the PBOC is the administration authority in respect of negotiable instruments. According to the Measures for the Implementation of Administration of Negotiable Instruments, the Public Security Bureau is the government authority in charge of imposing administrative punishments. According to the Criminal Law of the PRC, the Public Security Bureau is also the government authority to investigate the criminal actions in respect of negotiable instruments. In the context of EC World REIT, the PRC Legal Advisers have advised that the relevant enforcement authorities are the Yuhang sub-bureau of Hangzhou Public Security Bureau and the Yuhang Branch of the PBOC.

The Yuhang branch of the PBOC has confirmed that there has been no administrative penalties imposed on the Chongxian Port Companies in relation to their financing activities as of 31 August 2015, and there has been no other non-compliant activities under investigation, which may cause any administrative penalties to be imposed on the Chongxian Port Companies as of 31 August 2015.

The Yuhang sub-bureau of Hangzhou Public Security Bureau has also confirmed that as of 31 August 2015, there has been no criminal records in relation to financing activities of the Chongxian Port Companies, and there has been no criminal investigation or administrative penalties imposed on the Chongxian Port Companies in relation to the their financing activities.

The PRC Legal Advisers are of the opinion that the Chongxian Port Companies do not need to obtain other confirmations from the China Banking Regulatory Commission (the "**CBRC**") and the Hangzhou Municipal Finance Bureau in respect of the Non-Compliant Bill Financing Arrangements because:

(1) according to the Negotiable Instruments Law and the Measures for the Implementation of Administration of Negotiable Instruments, the PBOC is the administrative authority in respect of negotiable instruments;

(2) according to the Measures for the Implementation of Administration of Negotiable Instruments, the Public Security Bureau is the government authority in charge of imposing administrative punishment;

(3) according to the Criminal Law of the PRC, the Public Security Bureau is also the government authority to investigate the criminal actions in respect of negotiable instruments;

(4) the Chongxian Port Companies have already obtained the confirmation documents from both PBOC and the Public Security Bureau; and

(5) CBRC is not the authority which is empowered to take action against the borrowers under the Negotiable Instruments Law.

Opinion from PRC Legal Advisers

Based on the Endorsing Banks' confirmations, the PRC Legal Advisers have advised that the Chongxian Port Companies' exposure to civil liability arising from the Non-Compliant Bill Financing Arrangements is very low.

According to the PRC Legal Advisers, each of the Yuhang sub-bureau of Hangzhou Public Security Bureau and the Yuhang Branch of the PBOC has the authority to investigate and impose punishments against activities that violate financial laws and regulations in its jurisdiction and is therefore the appropriate regulatory authority to issue the above confirmations.

The PRC Legal Advisers are of the opinion that the authorities which are in charge of the administration of negotiable instruments in the PRC will not impose any administrative penalties or criminal liabilities on the Chongxian Port Companies in respect of the Non-Compliant Bill Financing Arrangements on the following bases:

(i) the above confirmations have been obtained from the relevant authorities;

(ii) there are no express provisions in the PRC laws and regulations which imposes administrative or criminal liability for such Non-Compliant Bill Financing Arrangements; and

(iii) the bank acceptance notes issued to Hangzhou Chongxian Port Logistics Co., Ltd. have been fully repaid and Hangzhou Chongxian Port Investment Co., Ltd. will deposit funds equal to the outstanding amount represented by the unpaid bank acceptance notes into the deposit account with the Endorsing Banks.

Rectification Measures for the Non-Compliant Bill Financing Arrangements

The following rectification measures have been implemented for the existing Non-Compliant Bill Financing Arrangements:

- Hangzhou Chongxian Port Investment Co., Ltd. had deposited funds equal to the outstanding amount represented by the unpaid bank acceptance notes into the deposit account (保证金账户) with the relevant Endorsing Banks, so as to guarantee the repayment of the outstanding bank acceptance notes. All the existing outstanding bank acceptance notes had expired by the end of January 2016.

- The Sponsor has provided an indemnity to EC World REIT and the Chongxian Port Companies for any and all liabilities which the Chongxian Port Companies may have arising from the Non-Compliant Bill Financing Arrangements.

Prior to its injection into EC World REIT, Hangzhou Chongxian Port Investment Co., Ltd. was the financing vehicle of the Sponsor group and undertook active business trading operations. Post-injection into EC World REIT, the Chongxian Port Companies shall no longer require such bill financing arrangements as they will not be undertaking any trading operations and their sole business activity shall be the leasing of space in Chongxian Port Investment and Chongxian Port Logistics. Therefore, the cash flows of the Chongxian Port Companies will be transparent as they will only be derived from rental income, thus making their financial accounts straightforward.

The Manager envisages that going forward, the Chongxian Port Companies' financing needs will stem from asset enhancement initiatives, property acquisitions, payment of dividends and payment of fees to their property manager. In addition, the Manager will have oversight of the Chongxian Port Companies' financing activities and its finance team will be reporting to the Chief Financial Officer of the Manager. The Chongxian Port Companies' future financing activities will not involve the previous finance personnel in-charge of the Chongxian Port Companies. The Directors and the management team of the Manager were not involved in the financing activities of the Chongxian Port Companies prior to their injection into EC World REIT.

Based on the above considerations, the confirmations obtained from the relevant authorities and the Endorsing Banks and the PRC Legal Advisers' opinion, and taking into account that Hangzhou Chongxian Port Logistics Co., Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. had already fully settled all their bank acceptance notes as of 31 August 2015 and 13 January 2016 respectively, the Audit and Risk Committee is of the view that the above rectification measures are sufficient to safeguard the interests of EC World REIT and its Unitholders vis-à-vis any liability arising from the Non-Compliant Bill Financing Arrangements.

Control Measures to Prevent Future Occurrence of any Non-Compliant Bill Financing Arrangement

Notwithstanding that the Chongxian Port Companies shall no longer undertake or require any similar bill financing transaction, the Manager has taken the following measures and implemented internal controls to prevent future occurrence of any Non-Compliant Bill Financing Arrangement:

- The Manager has established an audit and risk committee (the "**Audit and Risk Committee**") comprising three independent non-executive directors to review and supervise EC World REIT's internal control systems from the Listing Date. In reviewing and supervising the internal control systems, the Audit and Risk Committee shall also review and monitor on an on-going basis, the procedures implemented to ensure the legal and regulatory compliance of EC World REIT's financing activities in the applicable jurisdiction(s).

- The Manager has implemented internal guidelines and policies for approving, reporting and monitoring of EC World REIT's financing activities. Based on these internal guidelines and policies, the Chief Financial Officer shall submit proposals for EC World REIT's financing activities to the board of directors of the Manager for their approval before EC World REIT enters into the relevant financing transaction. There is also a clear policy statement that non-compliant bill financing activities are strictly prohibited.

- EC World REIT's internal auditors shall review and monitor the domestic financing activities of EC World REIT's PRC-incorporated subsidiaries on a quarterly basis, where the internal auditors will conduct periodic checks and report their findings to the Audit and Risk Committee.

- EC World REIT's external auditors shall also review and monitor the domestic financing activities of EC World REIT's PRC-incorporated subsidiaries on a quarterly basis. The external auditors will report their findings to the Audit and Risk Committee.

- The Manager's compliance functions are outsourced to Deloitte & Touche Enterprise Risk Services Pte Ltd, who shall assist the Manager in complying with the CMS licensing requirements under the SFA and perform quarterly review on the Manager's compliance obligations. The compliance officer will report to the Chief Executive Officer of the Manager and the board of directors of the Manager.

- The Manager will engage external legal advisers to conduct legal and regulatory briefings and provide updates to its board of directors and executive officers and the employees of EC World REIT on the applicable PRC laws and regulations in relation to EC World REIT's domestic financing activities.

CHONGXIAN PORT INVESTMENT (崇贤港投资)

5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC

Description of the Property

Chongxian Port Investment is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. It is one of the key inland port operations in the PRC, being part of an inland port in Hangzhou known as Chongxian Port. Chongxian Port is the largest inland port in Hangzhou in terms of the total number of berths and the scale of annual throughput, and Chongxian Port Investment has been ranked as one of the top inland ports in Hangzhou for the transportation of steel products.[1] It is a large and comprehensive logistics complex that integrates, *inter alia,* port operation, storage processing and logistics distribution for steel products. Chongxian Port Investment has a total NLA of approximately 112,726 sq m and a remaining lease tenure of approximately 40 years.

Chongxian Port Investment has a storage yard with a total NLA of approximately 112,726 sq m. As at the date of this Prospectus, there are on-going construction works to convert part of the open-air storage yard into a sheltered warehouse. These construction works include reinforcement works for the underground structure and roofing works, and they had been undertaken to enhance the Property.

The construction works are expected to be completed by June 2016 with the completion acceptance to be issued by August 2016, whereupon the warehouse shall have a planned gross floor area of approximately 24,108.6 sq m and the total NLA of the storage yard shall be reduced accordingly. The Sponsor shall provide an indemnity to EC World REIT in respect of any losses which it may suffer or incur arising from such construction works.

(See "Appendix D – Independent Property Valuation Summary Reports" and "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to the Construction Works at Chongxian Port Investment" for further details.)

1 **Source:** independent property valuation of Chongxian Port Investment by Colliers.

The table below sets out a summary of selected information on Chongxian Port Investment.

GFA (sq m)	N.A.
NLA (sq m)	112,726
Number of Tenants	1
Committed Occupancy (as at 31 December 2015)	100.0%
Car Park Lots	Nil
Independent Valuation by Colliers (RMB million)	2,095.0
Independent Valuation by Savills (RMB million)	2,089.0
Purchase Consideration (RMB million)	1,682.1
Land Use Expiry	December 2055
Remaining Lease Tenure	40
Commencement of Operations	August 2008
Gross Revenue for Forecast Period 2016 (S$'000)	17,739
Net Property Income for Forecast Period 2016 (S$'000)	17,253
WALE by committed NLA as at 31 December 2015 (years)	5.0
WALE by Gross Rental Income for the month of December 2015 (years)	5.0

Trade Sector Analysis

Chongxian Port Investment is master leased to Hangzhou Fu Gang Supply Chain Co., Ltd., a subsidiary of the Sponsor, with effect from 1 January 2016, for a term of five years. Hangzhou Fu Gang Supply Chain Co., Ltd., is a professional provider of supply chain solutions focusing on the steel materials market.

Lease Expiry Profile

The Master Lease for Chongxian Port Investment shall expire on 31 December 2020.

Information Regarding the Title of Chongxian Port Investment

The table below sets out some particulars of the Land Use Right Certificate for Chongxian Port Investment.

First Land Use Right Certificate

Serial Number	Hang Yu Chu Guo Yong (2006) No. 108-277
Grantor	Hangzhou Municipal People's Government; Hangzhou Municipal Land and Resources Bureau
Issue Date	15 April 2006
Grantee	Hangzhou Chongxian Port Investment Co., Ltd.
Location	Siwei Village, Chongxian Town, Yuhang District
Land Area (sq m)	133,709.3
Permitted Use	Comprehensive land
Term of Land Use Right	49 years

Second Land Use Right Certificate

Serial Number	Hang Yu Chu Guo Yong (2006) No. 108-884
Grantor	Hangzhou Municipal People's Government; Hangzhou Municipal Land and Resources Bureau
Issue Date	13 October 2006
Grantee	Hangzhou Chongxian Port investment Co., Ltd.
Location	Siwei Village, Chongxian Town, Yuhang District
Land Area (sq m)	57,756.5
Permitted Use	Comprehensive land
Term of Land Use Right	49 years

CHONGXIAN PORT LOGISTICS (崇贤港物流)

5-2 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC

Description of the Property

Chongxian Port Logistics is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. It is an integrated complex with warehouses and office buildings which support the operations of Chongxian Port Investment, and is one of the largest metal warehouse and logistics developments in the Yangtze River Delta[1]. Chongxian Port Logistics has a total NLA of approximately 125,856 sq m. The first and second complexes comprising Chongxian Port Logistics have remaining lease tenures of 40 and 45 years respectively.The Manager may undertake asset enhancement initiatives in respect of Chongxian Port Logistics post-Listing and such asset enhancement initiatives may be implemented in phases and shall be undertaken in compliance with the Property Funds Appendix. The optimal funding for such asset enhancement initiatives for the Property will be decided by the Manager post-Listing having regard to factors such as EC World REIT's debt headroom, its financing needs and capital management, and the overall market conditions.

1 **Source:** independent property valuation of Chongxian Port Logistics by Colliers.

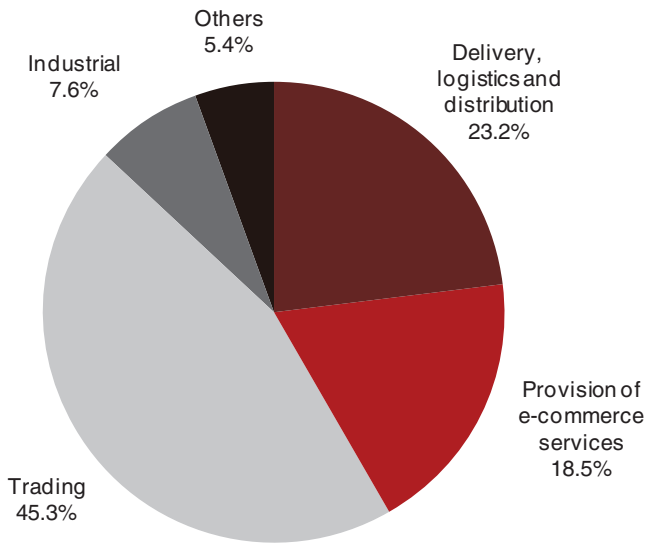
The table below sets out a summary of selected information on Chongxian Port Logistics.

GFA (sq m)	121,217
NLA (sq m)	125,856
Number of Tenants	58
Committed Occupancy (as at 31 December 2015)	100.0%
Car Park Lots	238
Independent Valuation by Colliers (RMB million)	865.0
Independent Valuation by Savills (RMB million)	840.0
Purchase Consideration (RMB million)	685.5
Land Use Expiry	First complex – December 2055 Second complex – September 2060
Remaining Lease Tenure	First complex – 40 Second complex – 45
Commencement of Operations	January 2010
Gross Revenue for Forecast Period 2016 (S$'000)	5,949
Net Property Income for Forecast Period 2016 (S$'000)	5,220
WALE by committed NLA as at 31 December 2015 (years)	3.0
WALE by Gross Rental Income for the month of December 2015 (years)	3.1

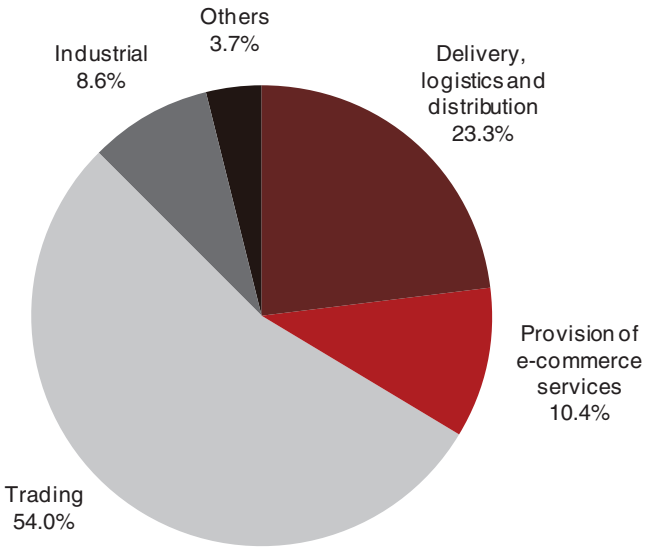
Trade Sector Analysis

The chart below provides a breakdown of the different trade sectors represented in Chongxian Port Logistics by percentage of Gross Rental Income for the month of December 2015 and committed NLA as at 31 December 2015.

Breakdown of Gross Rental Income by Trade Sector



Breakdown of NLA by Trade Sector



Top 10 Tenants of the Property

Chongxian Port Logistics has 58 tenants. The table below sets out selected information on these tenants by Gross Rental Income for the month of December 2015.

Tenant	Trade Sector	Lease Expiry	% of Gross Rental Income of the Property
Hangzhou Fu Gang Supply Chain Co., Ltd. 杭州富港供应链有限公司	Delivery, logistics and distribution, and Trading	31 December 2016, 31 December 2019, 24 March 2020, 25 March 2020, 31 March 2020, 25 April 2020, 30 April 2020, 6 May 2020, 25 May 2020, 30 May 2020, 31 May 2020, 30 June 2020, 3 July 2020, 30 September 2020, 30 October 2020, 14 November 2020, 30 November 2020, 19 December 2020, 25 December 2020	23.8%

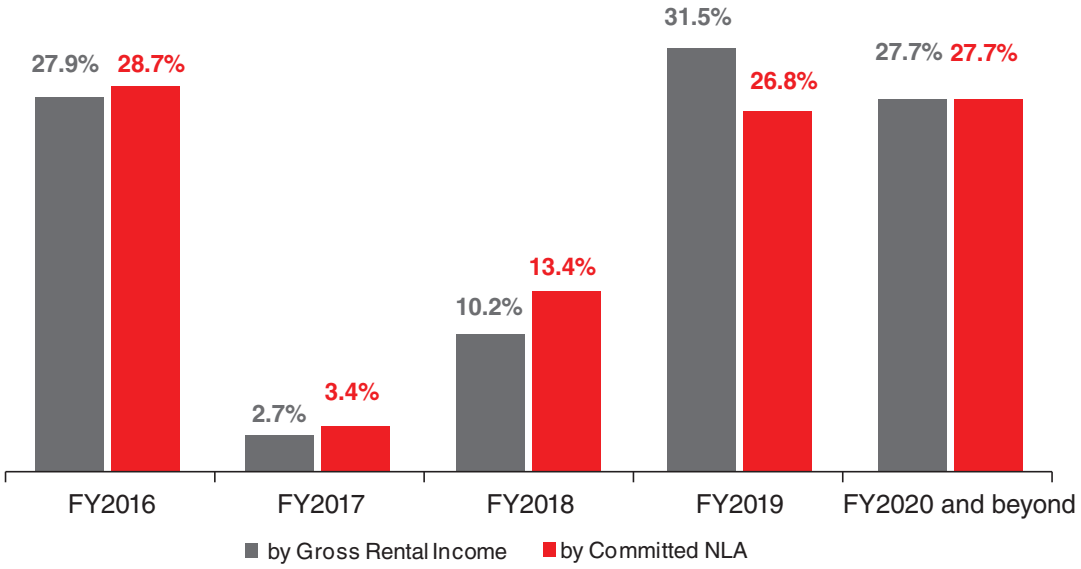
Tenant	Trade Sector	Lease Expiry	% of Gross Rental Income of the Property
Zhejiang Yuntong E-commerce Co.,Ltd. 浙江运通电子商务有限公司	Provision of e-commerce services	31 December 2019	17.1%
Zhejiang Gao Yang Supplies Co.,Ltd. 浙江高阳物资有限公司	Trading	31 December 2018, 15 September 2022	7.2%
Hangzhou Cheng Feng Supplies Co.,Ltd. 浙江乘风钢铁有限公司	Trading	31 October 2016	5.7%
Hangzhou Hua Qiang Industrial Co., Ltd. 杭州华强实业有限公司	Industrial	31 October 2016	5.5%
Forchn Holdings Group Co., Ltd. 富春控股集团有限公司	Others	31 December 2020	5.2%
Hangzhou Cheng Feng Supplies Co., Ltd. 杭州乘风物资有限公司	Trading	31 December 2018	3.6%
Hangzhou Tonggang International Holdings Ltd. 杭州通钢国际控股有限公司	Trading	9 November 2016	3.6%
Wuxi China Building Materials Steel Co., Ltd. Hangzhou branch 无锡中建材钢铁有限公司杭州分公司	Trading	31 March 2016(1), 15 February 2019	3.5%
Zhejiang Dongchang Steel Co., Ltd. 浙江东昌钢铁有限公司	Trading	31 December 2019	3.1%
Top 10 Tenants			78.3%
Others			21.7%
Total			100.0%

Note:

(1) This lease has been replaced by a new lease with Hangzhou Fu Gang Supply Chain Co., Ltd. upon its expiry and the new lease shall expire on 31 March 2021.

Lease Expiry Profile

The chart below illustrates the committed lease expiry profile of Chongxian Port Logistics by Gross Rental Income and NLA for the month of December 2015 and as at 31 December 2015.



The table below sets out the number of leases expiring in Chongxian Port Logistics for FY2016, FY2017, FY2018, FY2019 and FY2020 and beyond, based on the leases as at 31 December 2015.

	FY2016	FY2017	FY2018	FY2019	FY2020 & Beyond
No. of leases expiring as at 31 December 2015	36	15	7	19	28

As at the date of this Prospectus, the Manager is of the view that the leases at Chongxian Port Logistics which are expiring in Forecast Period 2016 will either be renewed or replaced by new tenants. Chongxian Port Logistics, which supports the operations at Chongxian Port Investment, is one of the largest metal warehouses and logistics developments in the Yangtze River Delta and stands out due to its scale and customised equipment and facilities. There is leasing interest for warehouse and office space in Chongxian Port Logistics as demand for steel products has led to increased utilisation of the facilities at Chongxian Port (being the dominant logistics centre of steel products in Hangzhou and the Yangtze River Delta). The Manager believes that the demand for steel products may be attributable to construction activities undertaken by the property developers following the measures taken by the PRC Government to support the real estate sector.

Information Regarding the Title of Chongxian Port Logistics

The table below sets out some particulars of the Land Use Right Certificate for Chongxian Port Logistics:

First Land Use Right Certificate

Serial Number	Hang Yu Chu Guo Yong (2011) No. 108-635
Grantor	Hangzhou Municipal People's Government; Hangzhou Municipal Land and Resources Bureau
Issue Date	20 July 2011
Grantee	Hangzhou Chongxian Port Logistics Co., Ltd.
Location	Siwei Village, Chongxian Town, Yuhang District
Land Area (sq m)	151,459.1
Permitted Use	Comprehensive land
Term of Land Use Right	44 years

Second Land Use Right Certificate

Serial Number	Hang Yu Chu Guo Yong (2011) No. 108-634
Grantor	Hangzhou Municipal People's Government; Hangzhou Municipal Land and Resources Bureau
Issue Date	20 July 2011
Grantee	Hangzhou Chongxian Port Logistics Co., Ltd.
Location	Siwei Village, Chongxian Town, Yuhang District
Land Area (sq m)	15,246.4
Permitted Use	Warehouse land
Term of Land Use Right	49 years

FU ZHUO INDUSTRIAL (富卓实业)

5-1 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC

Description of the Property

Fu Zhuo Industrial is strategically located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway. It has a total NLA of approximately 7,128 sq m and a remaining lease tenure of approximately 40 years.

The table below sets out a summary of selected information on Fu Zhuo Industrial.

GFA (sq m)	2,302
NLA (sq m)	7,128
Number of Tenants	2
Committed Occupancy (as at 31 December 2015)	100.0%
Car Park Lots	45
Independent Valuation by Colliers (RMB million)	108.0
Independent Valuation by Savills (RMB million)	105.0
Purchase Consideration (RMB million)	85.6
Land Use Expiry	December 2055
Remaining Lease Tenure	40
Commencement of Operations	October 2014
Gross Revenue for Forecast Period 2016 (S$'000)	1,016
Net Property Income for Forecast Period 2016 (S$'000)	926
WALE by committed NLA as at 31 December 2015 (years)	7.4
WALE by Gross Rental Income for the month of December 2015 (years)	11.8

Trade Sector Analysis

Fu Zhuo Industrial has two tenants which are in the same trade sector of delivery, logistics and distribution.

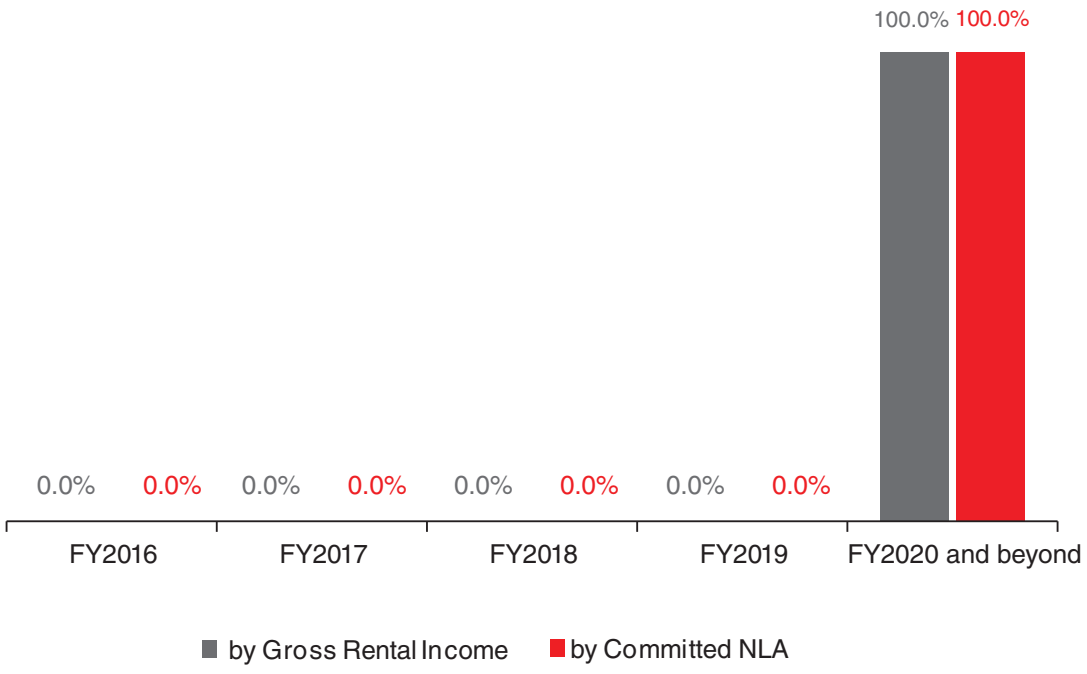
Tenants of the Property

Fu Zhuo Industrial has two tenants. The table below sets out selected information on these tenants by Gross Rental Income for the month of December 2015.

Tenant	Trade Sector	Lease Expiry	% of Gross Rental Income of the Property
Hangzhou Fu Gang Supply Chain Co., Ltd. 杭州富港供应链有限公司	Delivery, logistics and distribution	24 April 2020	21.1%
Hangzhou Xilian Logistics Co., Ltd. 杭州西联物流有限公司	Delivery, logistics and distribution	7 October 2029	78.9%
Total			100.0%

Lease Expiry Profile

The chart below illustrates the committed lease expiry profile of Fu Zhuo Industrial by Gross Rental Income and NLA for the month of December 2015 and as at 31 December 2015.



The table below sets out the number of leases expiring in Fu Zhuo Industrial for FY2016, FY2017, FY2018, FY2019 and FY2020 and beyond, based on the leases as at 31 December 2015.

	FY2016	FY2017	FY2018	FY2019	FY2020 & Beyond
No. of leases expiring as at 31 December 2015	Nil	Nil	Nil	Nil	2

Information Regarding the Title of Fu Zhuo Industrial

The table below sets out some particulars of the Land Use Right Certificate for Fu Zhuo Industrial.

Serial Number	Hang Yu Chu Guo Yong (2015) No. 108-775
Grantor	Hangzhou Municipal People's Government, Hangzhou Municipal Land and Resources Bureau
Issue Date	26 June 2015
Grantee	Hangzhou Fu Zhuo Industrial Co., Ltd.
Location	No. 5-1, Yunhe Road, Chongxian Street, Yuhang District, Hangzhou
Land Area (sq m)	24,402.7
Permitted Use	Comprehensive land
Term of Land Use Right	40 years

THE STAGE 1 PROPERTIES OF BEI GANG LOGISTICS (北港物流一期)

5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC

Description of the Property

Bei Gang Logistics is located in the west of Chongxian New City, north of Hangzhou and comprises the Stage 1 Properties and the Stage 2 Properties. It is one of the largest e-commerce developments in the Yangtze River Delta.[1] The Stage 1 Properties are part of the IPO Portfolio, and Hangzhou Bei Gang Logistics Co., Ltd. has a call option to acquire the right of use and economic benefits of the Stage 2 Properties (which comprises Buildings No. 9 to No. 17) from the Sponsor. The Stage 1 Properties comprise eight buildings (Buildings No. 1 to No. 8). Building No. 1 is a 15-storey building, Building No. 2 is a four-storey building, and Buildings No. 3 to No. 8 are five-storey buildings. The Stage 1 Properties are divided by themes and the tenant allocation for each building is based on the theme of the building. For example, Buildings No. 7 and No. 8 focus on the aggregation and procurement of toys, and Building No. 4 focuses on cross-border e-commerce businesses. The Stage 1 Properties have a total NLA of approximately 120,449 sq m and a remaining lease tenure of approximately 37 years.

1 **Source:** independent property valuation of the Stage 1 Properties of Bei Gang Logistics by Colliers.

The table below sets out a summary of selected information on the Stage 1 Properties of Bei Gang Logistics:

GFA (sq m)	120,449
NLA (sq m)	120,449
Number of Tenants	1
Committed Occupancy (as at 31 December 2015)	55.3%
Car Park Lots	1278
Independent Valuation by Colliers (RMB million)	1,288.0
Independent Valuation by Savills (RMB million)	1,298.0
Purchase Consideration (RMB million)	1,039.7
Land Use Expiry	March 2052
Remaining Lease Tenure	37
Commencement of Operations	June 2015
Gross Revenue for Forecast Period 2016 (S$'000)	14,845
Net Property Income for Forecast Period 2016 (S$'000)	12,717
WALE by committed NLA as at 31 December 2015 (years)	4.8
WALE by Gross Rental Income for the month of December 2015 (years)	4.8

Trade Sector Analysis

The Stage 1 Properties of Bei Gang Logistics is master leased to the Sponsor with effect from 1 November 2015, for a term of five years.

Lease Expiry Profile

The Master Lease for the Stage 1 Properties of Bei Gang Logistics shall expire on 31 October 2020.

Information Regarding the Title of Bei Gang Logistics

The table below sets out some particulars of the Land Use Right Certificate for Bei Gang Logistics:

Serial Number	Hang Yu Chu Guo Yong (2012) No. 108-415
Grantor	Hangzhou Municipal People's Government, Hangzhou Municipal Lands and Resources Bureau
Issue Date	13 July 2012
Grantee	Hangzhou Bei Gang Logistics Co., Ltd.
Location	West of Gongkang Road and North of ShuGang Road, Chongxian Street, Yuhang District
Land Area (sq m)	99,897.6
Permitted Use	Commercial Use
Term of Land Use Right	40 years

Arrangement in relation to Bei Gang Logistics

As part of the Restructuring Exercise (as defined herein), the Sponsor had transferred the entire equity interest of Hangzhou Bei Gang Logistics Co., Ltd. to Fullwealth Investment Pte. Ltd. (a wholly-owned subsidiary of EC World REIT). Hangzhou Bei Gang Logistics Co., Ltd. is the PRC Property Company which holds the land use right certificate to Bei Gang Logistics. Bei Gang Logistics comprises an entire plot of land which includes completed, income-producing buildings, being Buildings No. 1 to No. 8 (collectively, the "**Stage 1 Properties**"), and three plots of land under development (which are expected to be completed by December 2017 and shall comprise Buildings No. 9 to No. 17) (collectively, the "**Stage 2 Properties**"). The remaining tenure of the land use right for Bei Gang Logistics is approximately 37 years (the "**Remaining Tenure**").

The building ownership certificates for the Stage 1 Properties have been issued in the name of Hangzhou Bei Gang Logistics Co., Ltd.. The land use right certificate for the land underlying the Stage 1 Properties and the Stage 2 Properties is issued in the name of Hangzhou Bei Gang Logistics Co., Ltd.. The building ownership certificates for the Stage 2 Properties will only be issued after the buildings comprising the Stage 2 Properties have been completed, and these certificates shall be issued in the name of the owner of the land use right, which is Hangzhou Bei Gang Logistics Co., Ltd.

Purchase Consideration and Valuation for the Stage 1 Properties

The Stage 1 Properties will constitute part of the IPO Portfolio while the Sponsor will own the right of use and economic benefits of the Stage 2 Properties. EC World REIT shall only pay for the Stage 1 Properties.The purchase consideration attributed to the Stage 1 Properties is with reference to the independent valuations commissioned. The valuation of the Stage 1 Properties was done by the Independent Valuers using the discounted cash flow ("**DCF**") method. The DCF method involves discounting future cash flows of the Stage 1 Properties to their present value by an appropriate discount rate that reflects the rate of return required by an investor for an investment of this type. Therefore, the valuation of the Stage 1 Properties is based on the DCF of the Stage 1 buildings and the underlying land in respect of these buildings. This valuation does not include a valuation of the underlying land for the Stage 2 buildings. The Independent Valuers had also cross-checked their DCF analysis with the direct comparison approach. (See Appendix D, "Independent Property Valuation Summary Reports" for further details.)

As the IPO Portfolio does not include the Stage 2 Properties (since the right of use and economic benefits of such buildings are granted to the Sponsor), the Manager has not commissioned a separate valuation for the Stage 2 Properties.

Beijing Jincheng Tongda & Neal, the legal adviser to the Manager as to PRC laws, has advised that the proposed arrangement for Bei Gang Logistics does not violate any PRC laws and regulations. Further details of the arrangement for Bei Gang Logistics are set out below.

Rationale for the Arrangement for Bei Gang Logistics

- **Division of the land use right can only occur after the entire project (Stage 1 Properties and Stage 2 Properties) have been completed and accepted**

  The Sponsor initially intended to divide the land use right for the entire plot of land underlying Bei Gang Logistics into Stage 1 and Stage 2 as it intended to hold the land use right of the Stage 2 Properties until the development of the buildings is completed. The Sponsor had consulted the Municipal Bureau of Land and Resources Yuhang Precinct on the feasibility of the division of the land use right, and it was informed that the division will be allowed and implemented when the construction of all buildings on Stage 1 and Stage 2 have been completed and accepted.

In addition, the relevant PRC governmental authorities which the Sponsor consulted had also determined that such division of land use right before completion of the whole construction (in this case, the whole construction of the Stage 1 and Stage 2 Properties) would require an undue amount of time and would require the preparation of extensive documentation due to the necessary approvals and filings required under applicable PRC laws. For example, according to the Measures of Land Registration of Hangzhou, any division for transfer or consolidation of any land shall be registered at the land administration department under the local government at the municipal or county levels, and a significant number of materials are required for submission in order for such division or consolidation, including but not limited to (i) application for land registration, (ii) certification of applicant's identity, (iii) evidence of the source of land ownership, (iv) cadastral survey results, including the map of the land and the boundaries of the land parcel and confirmation of such cadastral survey, (v) evidence of ownership of all fixtures, (vi) evidence of full compliance with all payments required under applicable laws in relation to land compensation fees and taxes, (vii) right of inheritance certificate and other related public grant document, and (viii) any other evidence as may be required by the relevant PRC governmental authorities.

Accordingly, in light of the difficulties involved in effecting a division of the land use right prior to the listing of EC World REIT and until the Stage 2 Properties are completed, the Sponsor and the Manager had decided that the arrangement set out below should be adopted. The Sponsor will provide an indemnity to EC World REIT to ensure that EC World REIT and its Unitholders shall be protected from any potential liability under this arrangement. (See "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to Bei Gang Logistics" for further details.)

- **EC World REIT does not intend to undertake substantial property development projects**

  EC World REIT does not intend to undertake substantial development projects. The key financial objectives of the Manager are to provide 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 and NAV per Unit, through leveraging on the development and growth of the PRC e-commerce industry, while maintaining an appropriate capital structure for EC World REIT. The Manager is of the opinion that substantial property development projects may adversely affect the yield and result in irregular and unstable distributions. Accordingly, the Manager does not intend for EC World REIT to take on substantial development risks as this would not be compatible with its key financial objectives and the investment strategy of EC World REIT.

Details of the Arrangement for Bei Gang Logistics

As the owner of the right of use and economic benefits of the Stage 2 Properties, the Sponsor shall have the right to develop and manage the Stage 2 Properties at its own costs and expenses, without any such costs and/or expenses being imputed to the Private Trust. The Sponsor has agreed to provide an indemnity to EC World REIT and Hangzhou Bei Gang Logistics Co., Ltd. in relation to the Stage 2 Properties. The Sponsor will grant a call option to EC World REIT giving it the right to require the Sponsor to assign all of its right of use and economic benefits of the Stage 2 Properties to EC World REIT. The Sponsor shall be entitled to the right of use and economic benefits of the Stage 2 Properties. This is a legal right which may be transferred to another party, subject to the terms of the call option agreement where the Sponsor shall first offer such right to Hangzhou Bei Gang Logistics Co., Ltd. if it wishes to transfer such right to a third party before the exercise of the call option.

(See "Certain Agreements relating to EC World Real Estate Investment Trust and the Properties – Call Option Agreement" for further details.)

Potential Risks with the Arrangement for Bei Gang Logistics

EC World REIT will be able to dispose of the Stage 1 Properties without obtaining the Sponsor's consent as Hangzhou Bei Gang Logistics Co., Ltd. is the holder of the land use right certificate for Bei Gang Logistics. There are two factors to consider when determining whether the arrangement in relation to Bei Gang Logistics will generate any risk to EC World REIT, and whether such risk will be mitigated.

Transferability of the Stage 1 Properties Prior to the Division of the Land Use Right

First, EC World REIT will, through Hangzhou Bei Gang Logistics Co., Ltd., hold the land use right certificate to the entire Bei Gang Logistics, which comprises the Stage 1 Properties and Stage 2 Properties. As the holder of the land use right certificate, EC World REIT (through Hangzhou Bei Gang Logistics Co., Ltd.) will have legal title to Bei Gang Logistics. In its capacity as the holder of the land use right certificate, Hangzhou Bei Gang Logistics Co., Ltd. shall grant the right of use and economic benefits of the Stage 2 Properties for the Remaining Tenure for the Sponsor.

Second, the Sponsor has agreed to indemnify EC World REIT, Richwin Investment Pte. Ltd. and Bei Gang Logistics Co., Ltd. against:

- any and all losses which they may suffer or incur which arises out of or in connection with a breach of any of the warranties or covenants under the deed of indemnity;

- any and all losses which they may suffer or incur which arises out of or in connection with the ownership, development, operation and/or management of the Stage 2 Properties;

- any and all claims by any party against them which arises out of or in connection with the ownership, development, operation and/or management of the Stage 2 Properties;

- any and all development costs, operational costs, expenses, tax liabilities (including real estate taxes), and any other liabilities which arises out of or in connection with the ownership, development, operation and/or management of the Stage 2 Properties which they may incur;

- any and all losses which they may suffer or incur if the Sponsor were to develop, manage or operate the Stage 2 Properties in a manner which is non-compliant with the conditions of the land use right of the Bei Gang Logistics property, thereby resulting in the land authorities revoking the land use right and compulsorily acquiring the land and buildings of the Bei Gang Logistics property (or any part thereof); and

- any and all losses which they may suffer or incur which arises out of or in connection with a failure by the Sponsor to comply with its obligations under the equity transfer agreement.

Therefore, the risk to EC World REIT arising from the arrangement for Bei Gang Logistics will be sufficiently mitigated.

According to the Property Law of the PRC (中华人民共和国物权法) (the "**Property Law**"), the Urban Land Regulations and the Provisions on the Administration of Urban Real Estate Transfer (城市房地产转让管理规定) promulgated by the Ministry of Construction on 7 August 1995, as amended on 15 August 2001, Hangzhou Bei Gang Logistics Co., Ltd., as the holder of the land use right certificate, has the right to transfer, exchange, contribute, donate or mortgage the land use right unless otherwise provided by PRC law.

As the eight buildings comprising the Stage 1 Properties and the nine buildings comprising the Stage 2 Properties are all independent and separate buildings and the land grant contract for the entire Bei Gang Logistics states that division of the land use right matching the issuance of building ownership certificates is permissible, the Manager does not envisage any difficulty for any future divestment of the Stage 1 Properties. Therefore, should the need arise in future, EC World REIT will arrange for the entire plot of land underlying Bei Gang Logistics to be divided into their respective plots.

Prior to the division of the land use right, there are three methods through which EC World REIT may divest the Stage 1 Properties without having to seek the Sponsor's consent or compensate the Sponsor.

- First, EC World REIT can sell its entire equity interest in Hangzhou Bei Gang Logistics Co., Ltd., which currently owns the building ownership certificates for the Stage 1 Properties and the underlying land use right for Stage 1 and Stage 2, to a third party purchaser. The purchaser who acquires the entire equity interest in Hangzhou Bei Gang Logistics Co., Ltd. will have also acquired the benefits and liabilities of the contracts which Hangzhou Bei Gang Logistics Co., Ltd. has entered into, including the Deed of Indemnity. Therefore, the purchaser is effectively assuming the position of EC World REIT and it would have the same recourse to the Sponsor like EC World REIT.

- Second, Hangzhou Bei Gang Logistics Co., Ltd. can transfer (a) the Stage 1 building ownership certificates and (b) the land use right to the land underlying the Stage 1 and Stage 2 Properties to the purchaser and the purchaser will assume position of Hangzhou Bei Gang Logistics Co., Ltd. as the new owner and recognise the Sponsor's contractual right to the Stage 2 Properties (right of use and economic benefits). Under this scenario, the Deed of Indemnity, the Grant Agreement and the Call Option Agreement will be novated from Hangzhou Bei Gang Logistics Co., Ltd. to the purchaser. It is a term in each of these three agreements that EC World REIT and/or Hangzhou Bei Gang Logistics Co., Ltd. (as applicable) shall be entitled to assign or novate these agreements to a third party in the event of any disposal by Hangzhou Bei Gang Logistics Co., Ltd. and the Sponsor hereby agree to such assignment or novation.

- Third, Hangzhou Bei Gang Logistics Co., Ltd. can transfer the Stage 1 building ownership certificates to the purchaser, and the land use rights matching the building ownership certificates will be sub-divided and issued in the purchaser's name when the construction of the Stage 2 Properties have been completed and accepted. Under this scenario, no further and specific novation is required for the three agreements (being the Deed of Indemnity, the Grant Agreement and the Call Option Agreement).

In a scenario where the purchaser wishes to acquire both the Stage 1 Properties and Stage 2 Properties, EC World REIT shall undertake such divestment pursuant to the to the terms of the Grant Agreement. The purchase consideration for the whole Bei Gang Logistics shall be negotiated between the purchaser and the Manager and be subject to the Trustee's acceptance. Pursuant to the Grant Agreement, the Sponsor would be compensated if the Stage 2 Properties are divested.

Pursuant to the Grant Agreement, the Sponsor shall also undertake to EC World REIT that it will grant Hangzhou Bei Gang Logistics Co., Ltd. a right of first refusal to acquire the right of use and economic benefits of the Stage 2 Properties. The Sponsor shall also not unreasonably reject any offer to acquire the right of use and economic benefits of the Stage 2 Properties for the Remaining Tenure at fair value.

(See "Certain Agreements Relating to EC World Real Estate Investment Trust – Grant Agreement in relation to The Stage 2 Properties of Bei Gang Logistics" for further details.)

FU HENG WAREHOUSE (富恒仓储)

9 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC

Description of the Property

Fu Heng Warehouse is located at Min Lian village in Dongzhou Industrial Park, Fuyang District, Hangzhou City. The Property comprises two four-storey buildings housing e-commerce merchant offices, O2O businesses, retail outlets, and warehouse space. Fu Heng Warehouse serves as a full capability e-commerce centre with its integrated and highly developed system of storage and warehousing, inventory control, pick-and-pack services and express delivery capabilities. It has a total NLA of approximately 94,287 sq m and a remaining lease tenure of approximately 44 years.

The table below sets out a summary of selected information on Fu Heng Warehouse.

GFA (sq m)	95,072
NLA (sq m)	94,287
Number of Tenants	1
Committed Occupancy (as at 31 December 2015)	100.0%
Car Park Lots	730
Independent Valuation by Colliers (RMB million)	550.0
Independent Valuation by Savills (RMB million)	555.0
Purchase Consideration (RMB million)	444.2
Land Use Expiry	May 2059
Remaining Lease Tenure	44
Commencement of Operations	February 2015
Gross Revenue for Forecast Period 2016 (S$'000)	5,331
Net Property Income for Forecast Period 2016 (S$'000)	4,459
WALE by committed NLA as at 31 December 2015 (years)	5.0
WALE by Gross Rental Income for the month of December 2015 (years)	5.0

Trade Sector Analysis

Fu Heng Warehouse is master leased to Hangzhou Fuyang Yunton E-Commerce Co., Ltd. ("**Fuyang Yunton**"), a subsidiary of the Sponsor, with effect from 1 January 2016. Fuyang Yunton is a provider of third party warehousing services and an operator of integrated logistics services for e-commerce activities, operating under the brand name of "Ruyicang 如意仓", with a business focus on providing integrated warehousing and logistics services for e-commerce enterprises. The services which Fuyang Yunton provides to its clients and sub-lessees of the Property including order processing, e-parcel production, parcel delivery, regional warehousing and outsourcing of supply chain management.

Lease Expiry Profile

The Master Lease Agreement for Fu Heng Warehouse shall expire on 31 December 2020.

Information Regarding the Title of Fu Heng Warehouse

The table below sets out some particulars of the Land Use Right Certificate for Fu Heng Warehouse:

Serial Number	Fu Guo Yong (2015) No. 008320
Grantor	Hangzhou Municipal Fuyang District People's Government and Hangzhou Municipal Land and Resources Bureau Fuyang Branch
Issue Date	12 November 2015
Grantee	Hangzhou Fu Heng Warehouse Co., Ltd
Location	Hangzhou City, Fuyang District, Dongzhoujiedao, Mingxing Road No. 11
Land Area (sq m)	43,601.0
Permitted Use	Industrial Use
Term of Land Use Right	44

HENGDE LOGISTICS (恒德物流)

21 Sanhao Road and 2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC

Description of the Property

Hengde Logistics is located at Min Lian village in Dongzhou Industrial Park, Fuyang District, Hangzhou City. The Property comprises two high-specification warehouses with the capability to store temperature and humidity sensitive goods and products, such as tobacco, wines, cosmetics and perishables. The first complex of the Property comprises six five-storey blocks and a six storey block, while the second complex of the Property comprises two five-storey blocks and one three-storey block. Hengde Logistics has its own power generator onsite with an isolated power grid to reduce any risks of electrical blackouts affecting the buildings. The two complexes are also equipped with cargo lifts which are spacious and capable of accommodating forklifts. In addition, there are containment areas and docking bays which facilitate efficient and effective loading and unloading of goods for transportation. Hengde Logistics has a total NLA of approximately 238,032 sq m. The remaining lease tenures of the first complex and the second complex are 38 and 44 years respectively.

The table below sets out a summary of selected information on Hengde Logistics.

GFA (sq m)	238,032
NLA (sq m)	238,032
Number of Tenants	2
Committed Occupancy (as at 31 December 2015)	100.0%
Car Park Lots	Nil
Independent Valuation by Colliers (RMB million)	1,452.0
Independent Valuation by Savills (RMB million)	1,468.0
Purchase Consideration (RMB million)	1,173.9
Land Use Expiry	First complex – July 2053 Second complex – July 2059
Remaining Lease Tenure	First complex – 38 Second complex – 44
Commencement of Operations	First complex – November 2010 Second complex – April 2013
Gross Revenue for Forecast Period 2016 (S$'000)	8,680
Net Property Income for Forecast Period 2016 (S$'000)	8,109
WALE by committed NLA as at 31 December 2015 (years)	3.4
WALE by Gross Rental Income for the month of December 2015 (years)	3.4

Trade Sector Analysis

Hengde Logistics has two tenants. The table below sets out selected information on these tenants by Gross Rental Income for the month of December 2015.

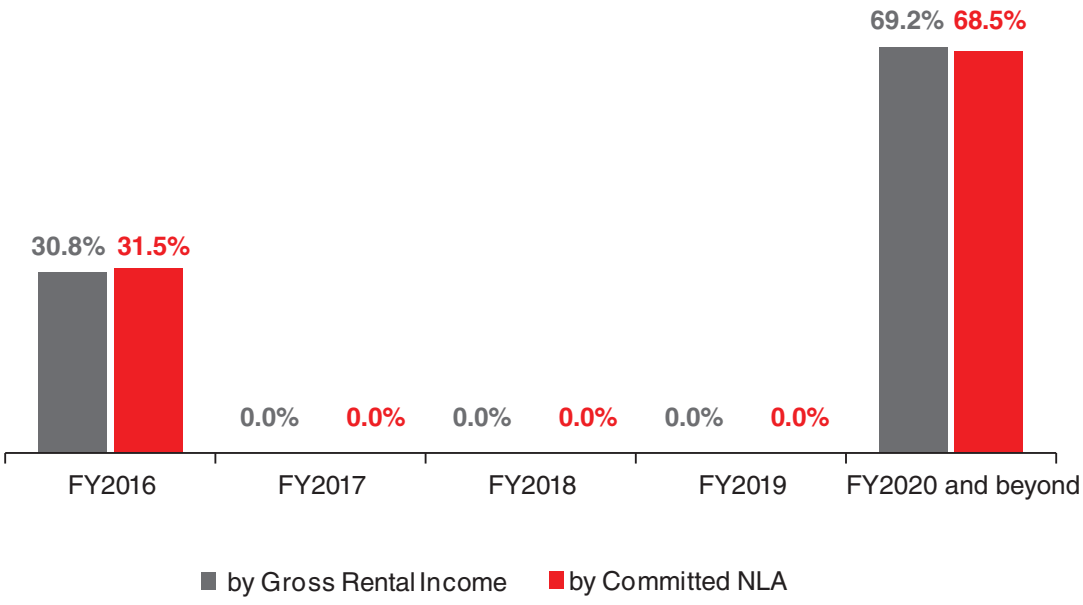
Tenant	Trade Sector	Lease Expiry	% of Gross Rental Income of the Property
China Tobacco Zhejiang Industrial Co., Ltd. 浙江中烟工业有限责任公司	Industrial	14 October 2020 and 8 May 2016[(1)]	95.1%
Hangzhou Fuyang Yunton E-Commerce Co., Ltd. 富阳运同电子商务有限公司	Provision of e-commerce services	28 September 2020	4.9%
Total			100.0%

Note:

(1) This lease has been renewed and shall expire on 9 May 2021.

Lease Expiry Profile

The chart below illustrates the committed lease expiry profile of Hengde Logistics by Gross Rental Income and NLA for the month of December 2015 and as at 31 December 2015.



The table below sets out the number of leases expiring in Hengde Warehouse for FY2016, FY2017, FY2018, FY2019 and FY2020 and beyond, based on the leases as at 31 December 2015.

	FY2016	FY2017	FY2018	FY2019	FY2020 & Beyond
No. of leases expiring as at 31 December 2015	1	Nil	Nil	Nil	2

Information Regarding the Title of Hengde Logistics

The table below sets out some particulars of the Land Use Right Certificate for Hengde Logistics:

First Land Use Right Certificate

Serial Number	Fu Guo Yong (2007) 009797
Grantor	Fuyang Municipal People's Government
Issue Date	29 December 2007
Grantee	Zhejiang Hengde Sangpu Logistics Co., Ltd.
Location	Zhejiang, Fuyang, Dongzhou Street, Minlian Village, Dongzhou Industrial Park
Land Area (sq m)	31,447.0
Permitted Use	Industrial use
Term of Land Use Right	46 years

Second Land Use Right Certificate

Serial Number	Fu Guo Yong (2011) 000558
Grantor	Fuyang Municipal Land and Resources Bureau
Issue Date	31 January 2011
Grantee	Zhejiang Hengde Sangpu Logistics Co., Ltd.
Location	Zhejiang, Fuyang, Dongzhou Industrial Zone, Dongzhou Sub-district, Sanhao Road No. 21
Land Area (sq m)	57,594.0
Permitted Use	Industrial use
Term of Land Use Right	48 years

EC WORLD REIT

The Manager

The Manager, EC World Asset Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 14 May 2015. It has an issued and paid-up capital of S$2.21 million as at the date of this Prospectus. Its registered office is 8 Shenton Way, #37-03, AXA Tower, Singapore 068811, and its telephone number and fax number are +65 6221 9018 and +65 6221 9338, respectively. The Manager is an indirect wholly-owned subsidiary of the Sponsor.

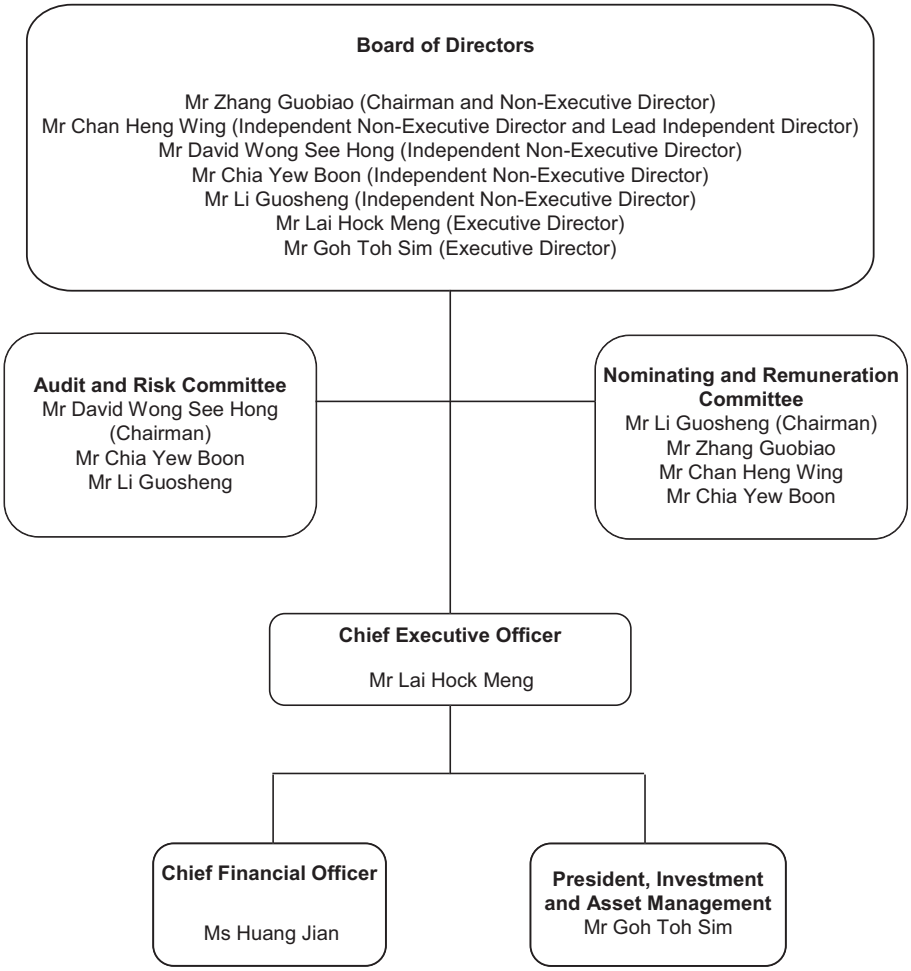
The Manager has been issued a CMS Licence pursuant to the SFA on 1 July 2016 and is regulated by the MAS.

The Trustee

The trustee of EC World REIT is DBS Trustee Limited. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. As at the Latest Practicable Date, the Trustee has a paid-up capital of S$2.5 million. Its place of business is located at 12 Marina Boulevard, Level 44, Marina Bay Financial Centre Tower 3, Singapore 018982.

THE MANAGER OF EC WORLD REIT

Management Reporting Structure



Board of Directors of the Manager

The Board is entrusted with the responsibility for the overall management of the Manager. The following table sets forth certain information regarding the Directors:

Name	Age	Address	Position
Mr Zhang Guobiao	56	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Chairman and Non-Executive Director
Mr Chan Heng Wing	69	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Independent Non-Executive Director and Lead Independent Director
Mr David Wong See Hong	63	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Independent Non-Executive Director
Mr Chia Yew Boon	57	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Independent Non-Executive Director
Mr Li Guosheng	50	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Independent Non-Executive Director
Mr Lai Hock Meng	60	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Executive Director and Chief Executive Officer
Mr Goh Toh Sim	59	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Executive Director and President, Investment and Asset Management

Save for Mr Zhang Guobiao and Mr Li Guosheng, for whom appropriate arrangements have been made to orientate each of them in acting as a director of a manager of a public-listed REIT, each of the directors of the Manager has served as a director of a public-listed company and/or manager of a public-listed REIT. The Board collectively has the appropriate experience to act as the directors of the Manager and is familiar with the rules and responsibilities of a director of a public-listed company and/or manager of a public-listed REIT.

None of the directors of the Manager are related to one another, any substantial shareholder of the Manager or any Substantial Unitholder (as defined herein).

None of the Independent Directors of the Manager sits on the boards of the principal subsidiaries of EC World REIT that are based in jurisdictions other than in Singapore. Each of the Independent Directors of the Manager confirms that they are able to devote sufficient time to discharge their duties as an Independent Director of the Manager.

Experience and Expertise of the Board of Directors

Information on the business and working experience of the Directors is set out below:

Mr Zhang Guobiao is the Chairman and a Non-Executive Director of the Manager.

Mr Zhang is the Chairman of the Sponsor, Forchn Holdings Group Co., Ltd., and has held this position since June 1998. He is also the founder of Forchn Trading Co., the predecessor of Forchn Holdings Group Co., Ltd., which was incorporated in 1992 as a construction materials company in Shanghai. Under his leadership, the small construction materials firm grew into a conglomerate with diversified businesses in manufacturing, real estate, logistics, e-commerce and finance.

Following the Zhejiang Provincial Government's call in 2006 for successful Zhejiang businessmen residing outside Zhejiang to return and invest in the province, Mr Zhang led the acquisition and modernisation of one of the key inland ports in the PRC, namely Chongxian Port in Hangzhou. This was followed by the development of an integrated warehouse under Chongxian Port Logistics, which complemented the service of the 23 berths operated by Chongxian Port.

In 2007, Mr Zhang spearheaded the acquisition and restructuring of a provincial state-owned enterprise, Hangzhou Zhang Xiao Quan Group Co., Ltd.. Zhang Xiao Quan is a widely-known household name, specialising in the design, production and merchandising of cutlery and metal household wares in the PRC since 1628.

As the Executive Vice Chairman of Zhejiang Chamber of Commerce in Shanghai, Mr Zhang is an active community leader in promoting corporate social responsibility. Mr Zhang is also a member of the National People's Congress of Pudong, Shanghai, and an activist for social welfare and civic responsibility.

The many awards which Mr Zhang had received include but are not limited to the Award of Excellence by the Third Global Zhejiang Entrepreneurs Convention, 2015, the Zhejiang Entrepreneur of the Year 2014, the Award of Innovation and Entrepreneurship by the Second Global Zhejiang Entrepreneurs Convention, 2013, and the Zhejiang Province Model Returning Investor Award in 2005, 2007, 2011 and 2014.

Mr Zhang has completed the "China CEO Program" jointly organised by Cheung Kong Graduate School of Business, Centre for Management Development at London Business School, Columbia Business School and IMB International. He also completed the "Global CEO Program for China" jointly organised by Harvard Business School, China Europe International Business School and IESE Business School.

Mr Chan Heng Wing is the Lead Non-Executive Independent Director of the Manager. Mr Chan is a Senior Adviser and Senior Fellow with the Ministry of Foreign Affairs since 2012, and he also serves as the Non-resident High Commissioner to the People's Republic of Bangladesh. Mr Chan is an independent non-executive director of Shanda Games Ltd (an online game developer listed on NASDAQ), Banyan Tree Holdings Limited and Frasers Centrepoint Limited. He is also a director of Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. which owns and operates Fullerton Hotel and Fullerton Bay Hotel respectively. Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. are subsidiaries of Sino Land Company Limited, which is part of the Sino Group, a property developer in Hong Kong. Mr Chan is presently the Chairman of the Milken Institute Asia Center, a non-profit think tank which is based in Singapore.

Mr Chan was previously the Ambassador to Thailand and Consul-General to Shanghai. He later joined Temasek Holdings (Private) Limited as Chief Representative in China and Managing Director for International Relations in Temasek International (Singapore) Pte. Ltd.

Mr Chan was awarded the Public Administration Medal (Silver) in 1980 by the Singapore Government. He holds a Master of Science from the Columbia Graduate School of Journalism and a Bachelor of Arts and a Master of Arts from the University of Singapore.

Mr David Wong See Hong is an Independent Non-Executive Director of the Manager. Mr Wong is also the Chairman of the Audit and Risk Committee.

Mr Wong is currently the Chairman of Halftime Limited, Hong Kong. He is a Finance Management Committee Member of the Hong Kong Management Association, Hong Kong. He also serves as the independent non-executive director of Frasers Hospitality Asset Management Pte. Ltd. (the manager of Frasers Hospitality Real Estate Investment Trust) and Frasers Hospitality Trust Management Pte. Ltd. (the trustee-manager of Frasers Hospitality Business Trust).

Mr Wong was the Deputy Chief Executive of the Bank of China (Hong Kong) Group from 2008 to 2013, with overall responsibility for the financial market businesses which include Global Markets, Global Transaction Banking, Investment Management, Insurance, Asset Management and other capital market-related businesses. He was also a Director of BOC Group Life Assurance Company Limited from 2008 to 2013 and concurrently the Chairman of BOC International-Prudential Trustee Limited. From 2010 to 2012, he was the Chairman of BOCHK Asset Management Limited. Prior to joining the Bank of China (Hong Kong) Group, Mr Wong was the Corporate Executive Vice President and Country Executive of ABN AMRO Bank ("**ABN**") and was responsible for ABN's operations in South East Asia. He joined ABN in 1995 and had held various senior positions within ABN, including Regional Head of Financial Markets, Country Executive in Singapore, and Managing Director of the Hong Kong Branch. Mr Wong has spent over 30 years in the banking sector and has extensive knowledge and experience in treasury and financial products.

Mr Wong served as a board member of Energy Market Authority until March 2009 and was a Board Member of the Civil Service College in Singapore from March 2007 to October 2013.

Mr Wong graduated from the University of Singapore with a Bachelor's Degree in Business Administration and was awarded a Master's Degree in Science in Investment Management by the Hong Kong University of Science and Technology. Mr Wong holds a Doctorate degree in Transformation Leadership from the Bethel Bible Seminary, and he is also a Financial Industry Certified Professional with the Institute of Banking and Finance, Singapore.

Mr Chia Yew Boon is an Independent Non-Executive Director of the Manager.

Mr Chia has more than 20 years of experience working in various fields such as business consultancy and corporate finance.

Mr Chia is a partner and senior advisor of Atlas Financial Solutions, a corporate finance advisory firm which specialises in mid-cap companies and mergers and acquisitions, since April 2007. He is also the managing director of Catalyst Advisors Private Ltd. and Catalyst Advisors International Private Limited, which are business consultancy firms dealing with private equity investment, since April 2007, where he is responsible for their overall management and business development. He also served as an Independent Non-Executive Director at Technovator International Limited since September 2011. Technovator is a leading company in the field of energy management systems, solutions and services; it is part of the Tsinghua Tongfang group of companies, whose ultimate controlling shareholder is Tsinghua University.

Mr Chia was a Director of Business Development at Boustead Singapore Limited's corporate headquarters from July 2005 to June 2007. He was also the Chief Executive Officer of EasyCall International Pte Ltd in the same period. From January 1999 to June 2005, Mr Chia served as Senior Vice President of GIC Special Investments Pte Ltd. ("**GIC SI**"), which is the venture capital and private equity arm of GIC Private Limited.

Mr Chia holds a Diplôme d'Ingénieur (equivalent to a Master's Degree in Engineering) from L'École Nationale Supérieure de Chimie de Strasbourg, France.

Mr Li Guosheng is an Independent Non-Executive Director of the Manager. Mr Li is also the Chairman of the Nominating and Remuneration Committee.

Mr Li is the managing director of Horizonline Pte Ltd, a company involved in the import and wholesale of security products and systems, since December 2006. He is also the managing director of Ningbo Horizonline Technologies Co. Ltd., a PRC manufacturing company, since December 2009. From June 2004 to December 2006, he was a technical manager with China Enersave Limited (now known as Charisma Energy Services Ltd), a company that operates in the renewable energy industry, where he was responsible for the evaluation of the waste energy power plants. Mr Li began his career in 1988 as an electrical engineer with Beilungang Thermal Power Plant Engineering Co. Ltd., a PRC company which constructed thermal power plants. Mr Li has been the President of the Zhejiang (S) Entrepreneurs Association, a non-profit association for people with links to the Zhejiang Province, since 2013.

Mr Li holds a Bachelor Degree in Automation of Electrical Power System from Shanghai Jiaotong University, Shanghai, PRC, and a Master of Business Administration from the National University of Singapore.

Mr Lai Hock Meng is the Chief Executive Officer and an Executive Director of the Manager.

Mr Lai spent more than 30 years in the financial industry including central banking, investment banking, private banking, stockbroking and venture capital. He has extensive experience and expertise in corporate finance and corporate investment across East and South-East Asia. Prior to joining the Manager, he was the Chairman and Chief Advisor of HML Consulting Group, which provides corporate governance, investment management and family wealth advisory services across China and South East Asia to listed corporations, private equity funds, family foundations and non-profit organisations.

Mr Lai was formerly the Managing Director of Morgan Grenfell & Asia Partners Securities and the Managing Director of SocGen Crosby Securities. He was also a senior private banker with the Citigroup Private Bank and Regional Market Manager in OCBC Private Bank. Mr Lai was non-executive director of Senoko Power Ltd and City Gas Private Ltd, and chaired the audit committee of the then Temasek-linked companies during the periods from 2001 to 2005 and 2002 to 2006 respectively.

Mr Lai has a wealth of experience in initial public offerings, corporate restructuring, and mergers and acquisitions and corporate governance. Over the past 15 years, he has sat on the boards of 19 public companies listed on the exchanges in Singapore, Hong Kong, Malaysia and the United Kingdom. Mr Lai also accumulated extensive experience in investment management over the past 15 years as former Chairman of the Investment Committee of the Singapore Chinese Orchestra, former Managing Director of Tembusu Partners Pte Ltd, and currently as director of the Char Yong Foundation and Champ Buyout III Pte Ltd.

Mr Lai holds a Bachelor of Arts (Honours) degree in Economics and a Master of Arts from the University of Cambridge in England. He is also a CFA charterholder from the CFA Institute, United States of America.

Mr Goh Toh Sim is an Executive Director and President of Investment & Asset Management of the Manager.

Mr Goh has over 20 years of experience in the management of industrial parks, real estate development and business management in China. Prior to joining the Manager, he was the Chief Representative in China for Keppel Corporation Limited where he was responsible for government relations and business development. Prior to joining Keppel Corporation and from July 2006 to November 2009, Mr Goh was the chief executive officer of Evergro Properties Limited, a real estate developer in Tianjin, Jiangyin and Changzhou, where he was responsible for the general management of the company, including setting of strategies, land and project acquisitions and property development.

Mr Goh also served as the CEO of Ascendas (China) Pte Ltd from January 2004 to June 2006, where he was responsible for developing and managing Ascendas' businesses in China. He initiated the development of Ascendas' businesses in several cities in China including Shanghai, Hangzhou, Dalian, Xian, and Nanjing. From August 1994 to December 2003, he was the Deputy Chief Executive Officer of China-Singapore Suzhou Industrial Park Development Group Co., Ltd. (formerly known as China-Singapore Suzhou Industrial Park Development Co., Ltd.) where he was responsible for infrastructure development, finance and government relations.

Mr Goh holds a Diplôme d' Ingénieur (French engineering degree which is equivalent to a Master's degree) in Telecommunications from the Ecole Nationale Supérieure des Télécommunications, Paris, France, and a Master of Business Administration from Insead, Fontainebleau, France.

List of Present and Past Principal Directorships of Directors

A list of the present and past directorships of each Director over the last five years preceding the Latest Practicable Date is set out in Appendix G, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Roles of the Board

The key roles of the Board are to:

- guide the corporate strategy and directions of the Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced; and
- oversee the proper conduct of the Manager.

The Board comprises seven Directors. The Audit and Risk Committee comprises Mr David Wong See Hong, Mr Chia Yew Boon and Mr Li Guosheng.

The Board shall meet to review the key activities and business strategies of the Manager. The Board intends to meet regularly, at least once every quarter, to deliberate the strategies of EC World REIT, including acquisitions and divestments, funding and hedging activities, approval of the annual budget and review of the performance of EC World REIT. The Board or the relevant board committee will also review EC World REIT's key financial risk areas and the outcome of such reviews will be disclosed in the annual report or where the findings are material, immediately announced via SGXNET.

Each Director has been appointed on the basis of his professional experience and ability to contribute to the proper guidance of EC World REIT. The Directors of the Manager will contribute in different ways to further the interests of EC World REIT.

The Board will have in place a set of internal controls which sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. In addition, sub-limits are also delegated to various management levels to facilitate operational efficiency.

Taking into account the fact that EC World REIT was constituted as a private trust only on 5 August 2015, the Board, in concurrence with the Audit and Risk Committee, is of the opinion that the internal controls as are further described in:

- "The Manager and Corporate Governance – The Manager of EC World REIT – Board of Directors of the Manager – Roles of the Board";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Board of Directors of the Manager";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Audit and Risk Committee";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Compliance Officer";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Dealings in Units";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Management of Business Risk";
- "The Manager and Corporate Governance – Corporate Governance of the Manager – Potential Conflicts of Interest";
- "The Manager and Corporate Governance – Related Party Transactions – The Manager's Internal Control System";
- "The Manager and Corporate Governance – Related Party Transactions – Role of the Audit and Risk Committee for Related Party Transactions";
- "The Manager and Corporate Governance – Related Party Transactions – Related Party Transactions in Connection with the Setting Up of EC World REIT and the Offering";
- "The Manager and Corporate Governance – Related Party Transactions – Exempted Agreements"; and
- "The Manager and Corporate Governance – Related Party Transactions – Future Related Party Transactions",

will be adequate in addressing financial, operational and compliance risks faced by EC World REIT.

The members of the Audit and Risk Committee will monitor changes to regulations and accounting standards closely. To keep pace with regulatory changes, where these changes have an important bearing on the Manager's or the Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving the relevant professionals.

Management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance. The Chairman of the Board is Mr Zhang Guobiao, while the Chief Executive Officer is Mr Lai Hock Meng.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer of the Manager. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager.

At least one-third of the Directors are non-executive and independent. This enables the management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman and the Chief Executive Officer, provide a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Manager.

The Board has separate and independent access to senior management and the company secretary at all times. The company secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate and when requested.

Executive Officers of the Manager

The Executive Officers are entrusted with the responsibility for the daily operations of the Manager. The following table sets out information regarding the Executive Officers:

Name	Age	Address	Position
Lai Hock Meng	60	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Chief Executive Officer
Goh Toh Sim	59	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	President, Investment and Asset Management
Huang Jian	47	c/o 8 Shenton Way, #37-03, AXA Tower, Singapore 068811	Chief Financial Officer

Experience and Expertise of the Executive Officers of the Manager

Information on the working experience of the Executive Officers (save for Mr Lai and Mr Goh, whose experience have been set out above) is set out below:

Ms Huang Jian is the Chief Financial Officer of the Manager.

Ms Huang has over 20 years of experience in the accounting and finance sectors, in both Singapore and PRC-based entities, with good experience in the China property sector and SGX-listed companies. Her 20 over years of experience in finance and accounting work includes group accounting and management reporting, SGX reporting and compliance, tax planning, strategic planning, compliance, risk management and implementation of accounting policies and procedures.

Prior to joining the Manager, she was the Group Finance Director of Ademco (Far East) Pte Ltd where she was responsible for all financial, accounting, reporting, tax and control matters of the Singapore and regional companies under the Ademco Security Group. Before that, she was engaged as a Financial and Risk Management Consultant with HSL Constructor Pte Ltd to provide consultancy services.

From June 2013 to August 2014, she was the Group Financial Controller of TTCL Power Holdings Pte. Ltd. (formerly known as Toyo Thai Power Holdings Pte. Ltd.), where she managed the group's financing, accounting, reporting, taxation, risk and control, financial analysis for project investment and mergers and acquisitions, investor relations, legal and company secretarial matters.

From August 2011 to November 2012, Ms Huang was Group Financial Controller at Guoson Investment Company Limited (a 100%-owned subsidiary and China headquarters of GuocoLand Limited Group, and a member of the Hong Leong Group), which is a leading property developer with its core businesses in property development, property investment, property management, retail and hotel operations. Its parent company is GuocoLand Limited Group, an SGX mainboard listed company in property sector. She managed the group's financing, accounting, reporting, taxation, controlling, risk management, project investment, mergers and acquisitions functions and investor relations. She gained valuable insight into the China property market through her work as Group Financial Controller as she oversaw investment processes for various real estate development projects in cities including Beijing, Shanghai, Tianjin and Nanjing.

From June 2008 to May 2010, Ms Huang was with Q&M Dental Group (Singapore) Limited as the Group Financial Controller, where she was the overall-in-charge of the group's financing, accounting, reporting, taxation, controlling and compliance, risk management, M&A functions and investor relations.

Ms Huang graduated from Shanghai Jiao Tong University with a Bachelor's Degree in Hotel Management. She is a Fellow member of The Association of Chartered Certified Accountants, and a Chartered Accountant of Singapore.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the members of the Audit and Risk Committee to cause them to believe that Ms Huang does not have the competence, character and integrity expected of a Chief Financial Officer of the Manager. The Audit and Risk Committee is of the opinion that Ms Huang is suitable as the Chief Financial Officer on the basis of her qualifications and relevant past experience.

List of Present and Past Principal Directorships of Executive Officers

A list of the present and past directorships of each Executive Officer over the last five years preceding the Latest Practicable Date is set out in Appendix G, "List of Present and Past Principal Directorships of Directors and Executive Officers".

Roles of the Executive Officers of the Manager

The **Chief Executive Officer** of the Manager will work with the Board to determine the strategy for EC World REIT and is responsible for the successful implementation of the strategy. The Chief Executive Officer will also work with the other members of the management team to ensure that EC World REIT operates in accordance with the Manager's stated investment strategy to achieve the goal of generating attractive returns to Unitholders. Additionally, the Chief Executive Officer will be responsible for planning the future strategic development of EC World REIT. The Chief Executive Officer is also responsible for the overall day-to-day management and operations of EC World REIT and working with the Manager's investment, asset management, financial and legal and compliance personnel in meeting the strategic, investment and operational objectives of EC World REIT. The Chief Executive Officer is the spokesperson of EC World REIT and the key personnel in charge of the investor relationships, developing and maintaining a healthy relationship with unitholders and other stakeholders.

The **President of Investment and Asset Management** of the Manager is responsible for two integrated functions – investments and asset management. With respect to investments, he is responsible for identifying, researching and evaluating potential acquisitions and related investments with a view to enhancing EC World REIT's portfolio and is concurrently responsible for divestments where a property is no longer strategic or if it fails to enhance the value of EC World REIT's portfolio or fails to be yield accretive. He will also recommend and analyse potential asset enhancement initiatives. To support these various initiatives, he will develop financial models to test the financial impact of different courses of action. These findings will be research-driven to help develop and implement the proposed initiatives.

With respect to asset management, he is responsible for formulating the business plans in relation to EC World REIT's properties with short, medium and long-term objectives, and with a view to maximising the rental income of EC World REIT via proactive asset management. He will work closely with the Property Manager to implement EC World REIT's strategies so as to ensure that the IPO Portfolio's income generation potential is maximised and its expense base is minimised without compromising the Properties' marketability. He will also focus on the operations of EC World REIT's properties and the implementation of the short to medium term objectives of EC World REIT's portfolio.

The **Chief Financial Officer** of the Manager will work with the Chief Executive Officer and the other members of the management team to formulate strategic plans for EC World REIT in accordance with the Manager's stated financial and risk management strategy. The Chief Financial Officer will be responsible for applying the appropriate capital management strategy, including tax and treasury matters, as well as finance and accounting matters, overseeing implementation of EC World REIT's short and medium-term business plans, fund management activities and financial condition.

Roles and Responsibilities of the Manager

The Manager has general powers of management over the assets of EC World REIT. The Manager's main responsibility is to manage EC World REIT's assets and liabilities for the benefit of Unitholders.

The Manager will set the strategic direction of EC World REIT and give recommendations to the Trustee on the acquisition, divestment, development and/or enhancement of assets of EC World REIT in accordance with its stated investment strategy.

The Manager has covenanted in the Trust Deed to use its best endeavours to:

- carry on and conduct its business in a proper and efficient manner;

- ensure that EC World REIT's operations are carried on and conducted in a proper and efficient manner; and

- ensure that its Related Parties will conduct all transactions with or for EC World REIT on an arm's length basis and on normal commercial terms.

With effect from 1 January 2017, the Manager will be required to prioritise Unitholders' interests over those of the Manager and its shareholders in the event of a conflict of interest.

The Manager will prepare property plans on a regular basis, which may contain proposals and forecasts on Gross Revenue, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of EC World REIT's properties.

The Manager will also be responsible for ensuring compliance with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the Property Funds Appendix, the Take-over Code, the Trust Deed, the CMS Licence, any tax rulings and all relevant contracts. The Manager will be responsible for all regular communications with Unitholders.

The Manager may require the Trustee to borrow on behalf of EC World REIT (upon such terms and conditions as the Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the Manager considers, among others, that such borrowings are necessary or desirable to enable EC World REIT to meet any liabilities or to finance the acquisition of any property. However, the Manager must not direct the Trustee to incur a borrowing if to do so would mean that EC World REIT's total borrowings and deferred payments will exceed the limit stipulated by the MAS based on the value of its Deposited Property at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

In the absence of fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager.

The Manager may, in managing EC World REIT and in carrying out and performing its duties and obligations under the Trust Deed, with the written consent of the Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided always that the Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

Fees Payable to the Manager

Management Fees

The Manager is entitled under the Trust Deed to the following management fee:

- a Base Fee at the rate of 10.0% per annum of the Distributable Income (calculated before accounting for the Base Fee and the Performance Fee in each financial year); and

- a Performance Fee at the rate of 25.0% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

The Performance Fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the Performance Fee is payable may be less than the DPU in the financial year prior to any preceding financial year. For the avoidance of doubt, where the DPU in a financial year is less than the DPU in any preceding financial year, the Manager shall not be required to return any Performance Fee paid to it in such preceding financial year.

For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of EC World REIT arising from the operations of EC World REIT, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the authorised investments of EC World REIT but shall exclude any one-off income of EC World REIT such as any income arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more SPVs) or any part thereof, and (ii) any investments forming part of the Deposited Property or any part thereof.

No Performance Fee is payable for Forecast Period 2016. For Projection Year 2017, the calculation of the Performance Fee is determined using the difference between the actual DPU in Projection Year 2017 and the actual DPU in Forecast Period 2016.

The Manager has agreed to receive 100.0% of the Base Fee and 100.0% of the Performance Fee in the form of Units for the period from the Listing Date to the end of Projection Year 2017.

Any increase in the rate or any change in the structure of the Manager's management fee must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed. For the avoidance of doubt, the Manager's change in its election to receive cash or Units or a combination of cash and Units is not considered as a change in structure of the Manager's Management Fee.

Acquisition Fee and Divestment Fee

The Manager is also entitled to:

- an Acquisition Fee equivalent to 0.75% for acquisitions from Related Parties[1] and 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):

  – the acquisition price of any real estate[2] purchased by EC World REIT or its SPV (plus any other payments[3] in addition to the acquisition price made by EC World REIT or its SPV to the vendor in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of EC World REIT's interest;

---

1 "**Related Party**" refers to an Interested Person and/or (as the case may be) an Interested Party.

2 "**Real Estate**" in the context of this provision excludes shares, units, interests or rights in any SPV not held by EC World REIT.

3 "**Other payments**" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the acquisition price as the asset enhancements are not completed, but do not include stamp duty or other payments to third party agents and brokers.

– the underlying value[1] of any real estate which is taken into account when computing the acquisition price payable for the equity interests in any vehicle holding directly or indirectly the real estate, purchased by EC World REIT or its SPV (plus any other payments in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of EC World REIT's interest); or

– the acquisition price of any investment purchased by EC World REIT (whether directly or indirectly through one or more SPVs) in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate; and

- a Divestment Fee equivalent to 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of each of the following as is applicable (subject to there being no double-counting):

  – the sale price of any real estate[2] sold or divested by EC World REIT or its SPV (plus any other payments[3] in addition to the sale price received by EC World REIT or its SPV in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of EC World REIT's interest);

  – the underlying value[4] of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by EC World REIT or its SPV (plus any other additional payments received by EC World REIT or its SPV in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of EC World REIT's interest); or

  – the sale price of any investment sold or divested by EC World REIT (whether directly or indirectly through one or more SPVs) in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any completion or other price or value adjustment to be made post-completion. Similarly, for the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any completion or other price or value adjustment to be made post-completion.

---

1 For example, if EC World REIT acquires a SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by EC World REIT as purchase price and any debt of the entity.

2 "**Real Estate**" in the context of this provision excludes shares, units, interests or rights in any SPV not held by EC World REIT.

3 "**Other payments**" refer to additional payments to EC World REIT or its SPVs for the sale of the asset, for example, where EC World REIT or its SPVs have already made certain payments for enhancements to the asset, and the value of the asset enhancements is not reflected in the sale price as the asset enhancements are not completed, but do not include stamp duty or other payments to third party agents and brokers.

4 For example, if EC World REIT sells or divests a SPV which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by EC World REIT as sale price and any debt of the SPV.

In accordance with the Property Funds Appendix, where the Manager receives a percentage-based fee when EC World REIT acquires real estate from a Related Party, or disposes of real estate to a Related Party, the acquisition fee or, as the case may be, the divestment fee should be in the form of Units issued by EC World REIT at prevailing market price(s) instead of cash, such Units not to be sold within one year from the date of their issuance.

The Manager shall pay third party agents or brokers in connection with the acquisition or divestment of any assets of EC World REIT out of the Deposited Property of EC World REIT or the assets of the relevant SPV, and not out of the Acquisition Fee or the Divestment Fee received or to be received by the Manager.

The Acquisition Fee and Divestment Fee are payable to the Manager in the form of cash and/or Units (as the Manager may elect) at the then prevailing market price(s) provided that in respect of any acquisition and sale or divestment of real estate assets from/to Related Parties, such a fee should be in the form of Units issued by EC World REIT at prevailing market price(s).

Any increase in the maximum permitted level of the Manager's acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed. For the avoidance of doubt, the rates in relation to the Acquisition fee and Divestment fee payable to the Manager as stated above are at the maximum permitted level under the Trust Deed.

Development Management Fee

The Manager is also entitled to receive a Development Management Fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of EC World REIT. EC World REIT will only undertake development activities within the limits of the Property Funds Appendix (which currently allows a REIT to commit no more than 10.0% of its deposited property to property development activities and investments in uncompleted property developments).

"**Total Project Costs**" means the sum of the following (where applicable):

(i) construction cost based on the project final account prepared by the project quantity surveyor;

(ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager but for the avoidance of doubt shall not include the costs of the service provider(s) appointed by the Manager pursuant to the Trust Deed;

(iii) the cost of obtaining all approvals for the project;

(iv) site staff costs;

(v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with Singapore Financial Reporting Standards; and

(vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with Singapore Financial Reporting Standards.

For the avoidance of doubt, land costs will not be included in the computation of Total Project Costs. "**Development Project**", in relation to EC World REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by EC World REIT, either directly or indirectly, by one or more SPVs, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.

When the estimated Total Project Costs are greater than S$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the Development Management Fee, whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the Development Management Fee, the independent directors of the Manager shall have the right to direct a reduction of the development management fee to less than 3.0% of the Total Project Costs incurred in a Development Project undertaken and managed by the Manager on behalf of EC World REIT.

The Development Management Fee is payable to the Manager in the form of cash and/or Units (as the Manager may elect). The Development Management Fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. Where the finalised Total Project Costs is less than the estimated Total Project Costs, the Manager shall refund the excess amount (if any) at the end of the construction period for the Development Project.

Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee must be approved by an Extraordinary Resolution passed at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Retirement or Removal of the Manager

The Manager shall have the power to retire in favour of a corporation approved by the Trustee to act as the manager of EC World REIT.

Also, the Trustee may remove the Manager giving written notice if:

- the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the Manager;

- the Manager ceases to carry on business;

- the Manager fails or neglects after reasonable notice from the Trustee to carry out or satisfy any material obligation imposed on the Manager by the Trust Deed;

- the Unitholders by an Ordinary Resolution (as defined herein) duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the Trust Deed, with no Unitholder (including the Manager and its Related Parties) being disenfranchised, vote to remove the Manager;

- for good and sufficient reason, the Trustee is of the opinion, and so states in writing, that a change of the Manager is desirable in the interests of the Unitholders provided that where the Manager is removed on the basis that a change of the Manager is desirable in the interests

of the Unitholders, the Manager has a right under the Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the Manager, the Trustee and all Unitholders; or

- the MAS directs the Trustee to remove the Manager.

THE PROPERTY MANAGER

The Property Manager is Yuntong Property Management Co., Ltd.. The Property Manager is responsible for providing property and lease management services, maintenance and repair services and marketing services for the properties in EC World REIT's portfolio. The Property Manager will have a team of experienced professionals who are dedicated to providing services to EC World REIT's properties. Where appropriate, the Property Manager may outsource some of these services to third party service providers in the PRC. If the Property Manager outsources some of the services to third party service providers, the Property Manager will be responsible for the costs of such outsourcing.

ANNUAL REPORTS

The Manager will issue an annual report to Unitholders within the timeframe as set out in the Listing Manual and the CIS Code, and at least 14 days before the annual general meeting of the Unitholders, containing, among others, the following key items:

(i) the WALE of EC World REIT on a portfolio basis (in addition to the WALE of new leases entered into in the past year);

(ii) EC World REIT's debt maturity profile;

(iii) the Manager's remuneration policies and procedures for setting remuneration of its directors and executive officers, where the disclosure of the remuneration of each individual director and the chief executive officer (on a named basis) and the remuneration of at least the top five key executive officers of the Manager (on a named basis) will be on a comply-or-explain basis;

(iv) the remuneration of the directors and executive officers that are (a) paid in the form of Units or interests in the controlling shareholder of the Manager or its related entities or (b) linked in any way to the performance of any entities other than EC World REIT, where the Manager will also be required to explain why such an arrangement would not result in a misalignment of interest between the Manager and the Unitholders, or details of the mitigating measures instituted to address any potential misalignment;

(v) if applicable, with respect to investments other than real property:

    (a) a brief description of the business;

    (b) proportion of share capital owned;

    (c) cost;

    (d) (if relevant) Directors' valuation and in the case of listed investments, market value;

    (e) dividends received during the year (indicating any interim dividends);

    (f) dividend cover or underlying earnings;

(g) any extraordinary items; and

(h) net assets attributable to investments;

(vi) amount of distributable income held pending distribution;

(vii) the aggregate value of all transactions entered into by the Trustee (for and on behalf of EC World REIT) with an "interested party" (as defined in the Property Funds Appendix) or with an "interested person" (as defined in the Listing Manual) during the financial year under review;

(viii) total amount of fees paid to the Trustee;

(ix) name of the manager of EC World REIT, together with an indication of the terms and duration of its appointment and the basis of its remuneration;

(x) total amount of fees paid to the Manager and the price(s) of the Units at which they were issued in part payment thereof;

(xi) total amount of fees paid to the Property Manager;

(xii) the NAV of EC World REIT at the beginning and end of the financial year under review;

(xiii) the following items which are required to be disclosed in the Property Funds Appendix (as may be amended from time to time) for annual reports:

(a) details of all real estate transactions entered into during the financial year, including the identity of the buyers or sellers, purchase or sale prices, and their valuations (including the methods used to value the assets);

(b) details of all of EC World REIT's real estate assets, including the location of such assets, their purchase prices and latest valuations, rentals received and occupancy rates, or the remaining terms of EC World REIT's leasehold properties, where applicable;

(c) the tenant profile of EC World REIT's real estate assets, including the:

(A) total number of tenants;

(B) top 10 tenants, and the percentage of the total gross rental income attributable to each of these top 10 tenants;

(C) trade sector mix of tenants, in terms of the percentage of total gross rental income attributable to major trade sectors; and

(D) lease maturity profile, in terms of the percentage of total gross rental income, for each of the next five years; and

(E) weighted average lease expiry of both EC World REIT's portfolio and new leases entered into during the year (and the proportion of revenue attributed to these leases);

(d) in respect of the other assets of EC World REIT, details of the:

(A) 10 most significant holdings (including the amount and percentage of fund size at market valuation); and

(B) distribution of investments in dollar and percentage terms by country, asset class (e.g., equities, mortgage-backed securities, bonds, etc.) and by credit rating of all debt securities (e.g., "AAA", "AA", etc.);

(e) details of EC World REIT's exposure to financial derivatives, including the amount (i.e. net total aggregate value of contract prices) and percentage of derivatives investment of total fund size and at market valuation;

(f) details of EC World REIT's investments in other property funds, including the amount and percentage of total fund size invested in;

(g) details of borrowings of EC World REIT including the maturity profile of the borrowings;

(h) details of deferred payment arrangements entered into by EC World REIT, if applicable;

(i) the total operating expenses of EC World REIT, including all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of EC World REIT's NAV as the end of the financial year) and taxation incurred in relation to EC World REIT's real estate assets;

(j) the distributions declared by EC World REIT for the financial year;

(k) the performance of EC World REIT in a consistent format, covering various periods of time (e.g., 1-year, 3-year, 5-year or 10-year) whereby:

(A) in the case where EC World REIT is unlisted, such performance is calculated on an "offer to bid" basis over the period; or

(B) in the case where EC World REIT is listed, such performance is calculated on the change in the unit price transacted on the stock exchange over the period;

(l) its NAV per unit at the beginning and end of the financial year; and

(m) where EC World REIT is listed, the Unit price quoted on the SGX-ST at the beginning and end of the financial year, the highest and lowest Unit price and the volume traded during the financial year;

(n) (if applicable) the amount of income support payments received by EC World REIT during the financial year and the effect of these payments on EC World REIT's DPU;

(o) (if applicable) where the income support arrangement is embedded in a master lease arrangement, the difference between the amount of rents derived under the master lease arrangement and the actual amount of rents from the underlying leases during the financial year; and

(p) any material deviation of actual DPU from forecast DPU, together with detailed explanations for the deviation; and

(xiv) such other items which may be required to be disclosed under the prevailing applicable laws, regulations and rules.

The first report will cover the period from the Listing Date to 31 December 2016.

Additionally, EC World REIT will announce its NAV on a quarterly basis. Such announcements will be based on the latest available valuation of EC World REIT's real estate and real estate-related assets, which will be conducted at least once a year (as required under the Property Funds Appendix).

CORPORATE GOVERNANCE OF THE MANAGER

The following outlines the main corporate governance practices of the Manager.

Board of Directors of the Manager

The Board will be responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is also responsible for the strategic business direction and risk management of EC World REIT. All the Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of performance of directors.

The Board will establish a framework for the management of the Manager and EC World REIT, including a system of internal controls and a business risk management process. The Board consists of seven members, four of whom are independent directors.

The composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive director of the Manager; and
- the Board should comprise directors with a broad range of commercial experience including expertise in funds management, audit and accounting, social and economic policy and the property industry; and
- at least one-third of the Board should comprise independent directors.

However, according to Guideline 2.2 of the Code of Corporate Governance 2012, at least half of the Board should comprise independent directors where:

- the Chairman and the Chief Executive Officer is the same person;
- the Chairman and the Chief Executive Officer are immediate family members;
- the Chairman is part of the management team; or
- the Chairman is not an independent director.

The Manager will review the composition of the Board regularly to ensure that the Board has the appropriate mix of expertise and experience.

The positions of Chairman and Chief Executive Officer are held by two separate persons in order to maintain effective oversight. The Chairman is Mr Zhang Guobiao and the Chief Executive Officer is Mr Lai Hock Meng.

Audit and Risk Committee

The Board appoints the Audit and Risk Committee from the Directors. The Audit and Risk Committee must comprise at least a minimum of three members, a majority of whom (including the Chairman of the Audit and Risk Committee) are required to be independent directors. As at the date of this Prospectus, the members of the Audit and Risk Committee are Mr David Wong See Hong, Mr Chia Yew Boon and Mr Li Guosheng. All of the members of the Audit and Risk Committee are independent directors. Mr David Wong See Hong has been appointed as the Chairman of the Audit and Risk Committee.

The role of the Audit and Risk Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit and Risk Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit and Risk Committee's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" ("**Interested Person Transactions**") and the provisions of the Property Funds Appendix relating to "interested party transactions" ("**Interested Party Transactions**", and together with Interested Person Transactions, "**Related Party Transactions**");

- reviewing transactions constituting Related Party Transactions;

- undertaking due process to ensure that the terms in an interested party divestment by EC World REIT are generally in line with that which would have been obtained had the asset been sold to a non-interested party;

- reviewing and monitoring on an on-going basis, the procedures implemented to ensure the legal and regulatory compliance of EC World REIT's financing activities in the applicable jurisdiction(s);

- in relation to the Master Lease Agreements: (i) exercising oversight over the Master Lessees' performance of their obligations under such agreements and (ii) if applicable, deliberating and assessing whether the renewal of such agreement(s) are in the interest of EC World REIT and its Unitholders prior to time for renewal;

- in relation to the security deposits received from the Master Lessees pursuant to the Master Lease Agreements: exercising oversight over the withdrawal or utilisation of the security deposits by EC World REIT during the term of the Master Leases;

- in relation to the undertakings provided pursuant to the Master Leases: (i) exercising oversight over the parties' performance of such undertakings and (ii) ensuring that the financial institution (with whom such security deposit is placed or issuing such banker's guarantee for the security deposit) has an "investment grade" credit rating;

- exercising oversight over EC World REIT's investment in PRC corporate bonds (which are made for the purpose of efficient capital management) and monitoring Manager's compliance with the agreed investment criteria of establishing a diversified portfolio of corporate bonds issued by PRC corporations with investment ratings of AA-or higher (throughout the tenure of such bond investment);

- in relation to the Deeds of Indemnity: monitoring the Sponsor's compliance with the various undertakings given in respect of the relevant issues until such time that the Deeds of Indemnity are terminated in accordance with their terms;

- in relation to the Call Option Agreement: conducting an annual assessment as to whether EC World REIT (through Hangzhou Bei Gang Logistics Co., Ltd.) should exercise the call option to acquire the Stage 2 Properties of Bei Gang Logistics for the duration of the Call Option Agreement;

- in the event where the Manager enters into a property management agreement with an interested party:

  – satisfying itself at least once every two to five years, and more frequently if the property manager's compliance record is assessed to be poor, that the Manager has (1) periodically reviewed the property manager's compliance with the terms of the property management agreement; and (2) taken remedial actions where necessary; and

  – documenting its reasons for its conclusion;

- deliberating on resolutions relating to conflicts of interest situations involving EC World REIT and the Sponsor;

- reviewing internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;

- reviewing arrangements by which staff and external parties may, in confidence, raise probable improprieties in matters of financial reporting or other matters, with the objective that arrangements are in place for the independent investigation of such matters and for appropriate follow up action;

- reviewing internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;

- ensuring that the internal audit and accounting function is adequately resourced and has appropriate standing with EC World REIT;

- reviewing, on an annual basis, the adequacy and effectiveness of the internal audit function;

- the appointment, re-appointment or removal of internal auditors (including the review of their fees and scope of work);

- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

- reviewing the appointment, re-appointment or removal of external auditors;

- reviewing the nature and extent of non-audit services performed by external auditors;

- reviewing, on an annual basis, the independence and objectivity of the external auditors;

- meeting with external and internal auditors, without the presence of the Executive Officers, at least on an annual basis;

- reviewing the system of internal controls including financial, operational, compliance and information technology controls and risk management processes;

- reviewing the financial statements and the internal audit report;

- reviewing and providing their views on all hedging policies and instruments to be implemented by EC World REIT to the Board;

- reviewing and approving the procedures for the entry into of any foreign exchange hedging transactions and monitoring the implementation of such policy, including reviewing the instruments, processes and practices in accordance with the policy for entering into foreign exchange hedging transactions;

- reviewing the adequacy and approving the procedures implemented relating to EC World REIT's policy for entering into any hedging transactions (including financial derivatives used for hedging purposes or efficient portfolio management under the Property Funds Appendix);

- monitoring all undertakings granted by EC World REIT and all undertakings granted by the Manager to the SGX-ST and all mechanisms which mitigate conflicts of interests (such as the Sponsor ROFR and the ZGB ROFR);

- overseeing the procedures in relation to the changes of legal representatives of any of EC World REIT's PRC-incorporated subsidiaries and any associated authorisations;

- monitoring the repayments of the outstanding bank acceptance notes in connection to the Non-Compliance Bill Financing Arrangements;

- investigating any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary; and

- reporting to the Board on material matters, findings and recommendations.

Nominating and Remuneration Committee

The Manager's internal policy requires its nominating and remuneration committee (the "**Nominating and Remuneration Committee**") to have at least three members, the majority of whom, including the chairman, must be independent. Additionally, all members of the Nominating and Remuneration Committee must be non-executive and the lead independent director will be a member of the Nominating and Remuneration Committee. The Board will appoint the Nominating and Remuneration Committee from among its Directors. As at the date of this Prospectus, the members of the Nominating and Remuneration Committee are Mr Li Guosheng, Mr Zhang Guobiao, Mr Chan Heng Wing (who is the Lead Independent Director) and Mr Chia Yew Boon. Mr Li Guosheng has been appointed as the Chairman of the Nominating and Remuneration Committee.

The Nominating and Remuneration Committee will, among others, have the following responsibilities:

(a) have terms of reference defining its scope of authority which includes reviewing and making recommendations to the Board on all appointment, succession planning and remuneration matters (including senior management);

(b) review the performance, and training and professional development programs for the Board;

(c) determine annually, and as and when circumstances require, if a director is independent;

(d) developing an assessment matrix to review the performance, considering and recommending to the Board on the appropriate quantum of remuneration in view of a director's level of contributions, taking into account his/her responsibilities and time spent; and

(e) developing a remuneration policy with regard to the objective of attracting, rewarding and retaining performing staff.

Compliance Officer

The Manager has engaged Deloitte & Touche Enterprise Risk Services Pte Ltd to carry out certain compliance activities on a quarterly basis[1]. Deloitte & Touche Enterprise Risk Services Pte Ltd's scope of engagement covers assessing the Manager's compliance with applicable provisions of the SFA through the conduct of quarterly checks on:

(i) whether the representatives of the Manager have fulfilled their regulatory obligations; and

(ii) whether the Manager, in its role as manager of EC World REIT, has prepared returns and other documents accurately for submission to the MAS.

Deloitte & Touche Enterprise Risk Services Pte Ltd will report all findings arising from its quarterly compliance review to the Audit and Risk Committee after it has obtained the Manager's comments and feedback on such review.

Deloitte & Touche Enterprise Risk Services Pte Ltd will also provide advice and training on compliance requirements under the SFA to representatives of the Manager.

Deloitte & Touche Enterprise Risk Services Pte Ltd will also provide regulatory compliance advice from time to time as may be required by the Manager.

Notwithstanding the engagement of Deloitte & Touche Enterprise Risk Services Pte Ltd to carry out certain compliance activities on a quarterly basis, the Manager is responsible for ensuring compliance with all applicable laws, regulations and guidelines.

Legal Representatives

The Chief Executive Officer (Mr Lai Hock Meng) and the President, Investment and Asset Management (Mr Goh Toh Sim) will be appointed as the legal representatives of the PRC Property Companies. The Manager has taken the following factors into consideration when appointing the legal representative of the PRC Property Companies:

- the qualifications and experience of the person; and
- the person's knowledge of the PRC property market.

The legal representative is authorised to perform all acts regarding the general administration of the PRC Property Companies. He can also execute powers of attorney on behalf of the PRC Property Companies and execute any legal transactions that are within the nature and the scope of business of the PRC Property Companies.

---

1 The cost of such engagement of Deloitte & Touche Enterprise Risk Services Pte Ltd to carry out compliance activities will be borne by the Manager out of its own funds and not out of Unitholders' funds.

There is a risk that the PRC Property Companies will be held liable should its legal representative perform any unauthorised actions on its behalf. In this regard, the following measures will be implemented to mitigate such a risk:

- an internal control system to ensure that there is proper authorisation as to disbursements and delegation of authority;

- safeguarding controls over all the company seals and cheque books where the company seals may only be used after written approval by both the Chief Financial Officer of the Manager and one of the two Executive Directors of the Manager, and cheques to be issued by the PRC Property Companies must be signed by two authorised signatories; and

- ensuring segregation of duties in the cash management process including receipts and disbursements.

The Board is of the opinion that the processes and procedures to be put in place will be adequate to mitigate the risks in relation to the appointment of the legal representative of the PRC Property Companies.

Dealings in Units

Each Director and the Chief Executive Officer of the Manager is to give notice to the Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two Business Days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

(See "The Formation and Structure of EC World Real Estate Investment Trust – Declaration of Unitholdings – Directors and Chief Executive Officer of the Manager" for further details)

All dealings in Units by the Directors will be announced via SGXNET, with the announcement to be posted on the internet at the SGX-ST website at http://www.sgx.com.

The Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of EC World REIT's annual results and property valuations, and two weeks before the public announcement of EC World REIT's quarterly results and ending on the date of announcement of the relevant results or, as the case may be, property valuations; and

- at any time while in possession of price sensitive information.

The Directors and employees of the Manager are also prohibited from communicating price sensitive information to any person.

Pursuant to Section 137ZC of the SFA, the Manager is required to, *inter alia*, announce to the SGX-ST the particulars of any acquisition or disposal of interest in Units by the Manager as soon as practicable, and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal. In addition, the Manager has to announce all dealings in Units by the Chief Executive Officer via SGXNET, posting the announcement on the SGX-ST website at http://www.sgx.com and in such form and manner as the Authority may prescribe.

Management of Business Risk

The Board will meet quarterly, or more often if necessary, and will review the financial performance of the Manager and EC World REIT against a previously approved budget. The Board will also review the business risks of EC World REIT, examine liability management and act upon any comments from the auditors of EC World REIT.

The Manager has appointed experienced and well-qualified management personnel to handle the day-to-day operations of the Manager and EC World REIT. In assessing business risk, the Board will consider the economic environment and risks relevant to the property industry. It reviews management reports and feasibility studies on individual investment projects prior to approving major transactions. The management meets regularly to review the operations of the Manager and EC World REIT and discuss any disclosure issues.

The Manager has also provided an undertaking to the SGX-ST that:

(i) the Board or the Audit and Risk Committee of EC World REIT will carry out regular reviews of EC World REIT's key financial risk areas, and the outcome of these reviews must be disclosed in the Annual Report or where the findings are material, immediately announced via SGXNET; and

(ii) the Manager will make periodic announcements on the use of the IPO proceeds as and when the funds from the IPO are materially disbursed and provide a status report on the use of the IPO proceeds in the annual report.

Potential Conflicts of Interest

With effect from 1 January 2017, the Manager will be required to prioritise Unitholders' interests over those of the Manager and its shareholders in the event of a conflict of interest.

The Manager has also instituted the following procedures to deal with potential conflicts of interest issues:

- The Manager will be a dedicated manager to EC World REIT and will not manage any other REIT which invests in the same type of properties as EC World REIT.

- All executive officers will be employed by the Manager and will not hold executive positions in any other entities.

- All resolutions in writing of the Directors in relation to matters concerning EC World REIT must be approved by a majority of the directors, including at least one director independent from management and business relationships with the Manager.

- At least one-third of the Board shall comprise such independent directors, provided that where (i) the Chairman of the Board and the Chief Executive Officer is the same person, (ii) the Chairman of the Board and the Chief Executive Officer are immediate family members, (iii) the Chairman of the Board is part of the management team or (iv) the Chairman of the Board is not an independent director, at least half the board shall comprise independent directors.

- In respect of matters in which a Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and must exclude such interested director.

- In respect of matters in which the Sponsor and/or its subsidiaries has/have an interest, direct or indirect, for example, in matters relating to:

  – potential acquisitions of additional properties or property-related investments by EC World REIT in competition with the Sponsor and/or its subsidiaries; and

  – competition for tenants between properties owned by EC World REIT and properties owned by the Sponsor and/or its subsidiaries,

  any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its interests will abstain from deliberations and voting on such matters. In such matters, the quorum must comprise a majority of the Directors independent from management and business relationships with the Manager and must exclude nominee directors of the Sponsor and/or its subsidiaries.

- Save as to resolutions relating to the removal of the Manager as manager of EC World REIT, the Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to approve any matter in which the Manager and/or any of its associates has a material interest, and for so long as the Manager is the manager of EC World REIT, the controlling shareholders of the Manager and of any of its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager and/or of any of its associates have a material interest; and

- It is also to be provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of EC World REIT with an Interested Person (as defined in the Listing Manual) and/or, as the case may be, an Interested Party (as defined in the Property Funds Appendix) (collectively, a "**Related Party**") of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of EC World REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors (including the Independent Directors) will have a duty to ensure that the Manager so complies with the aforesaid procedures. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of EC World REIT with a Related Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against a Related Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Related Party.

RELATED PARTY TRANSACTIONS

"Related Party Transactions" in this Prospectus refers to "Interested Person Transactions" under the Listing Manual and "Interested Party Transactions" under the Property Funds Appendix. The definition of "Interested Person" in the Listing Manual refers to the definition of "Interested Party" used in the Property Funds Appendix.

In general, transactions between:

- an entity at risk (in this case, the Trustee (acting in its capacity as the trustee of EC World REIT) or any of the subsidiaries or associated companies of EC World REIT); and

- any of the Interested Parties, being:

  (i) a director, chief executive officer or controlling shareholder of the Manager, or the Manager, the Trustee (acting in its personal capacity) or controlling Unitholder; or

  (ii) an associate of any director, chief executive officer or controlling shareholder of the Manager, or an associate of the Manager, the Trustee (acting in its own capacity) or any controlling Unitholder,

would constitute an Interested Person Transaction.

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all future Related Party Transactions:

- will be undertaken on normal commercial terms; and

- will not be prejudicial to the interests of EC World REIT and the Unitholders.

As a general rule, the Manager must demonstrate to its Audit and Risk Committee that such transactions satisfy the foregoing criteria. This may entail:

- obtaining (where practicable) at least two quotations from parties unrelated to the Manager; or

- obtaining two or more valuations from independent professional valuers (in compliance with the Property Funds Appendix).

The Manager will maintain a register to record all Related Party Transactions which are entered into by EC World REIT and the bases, including any quotations from unrelated parties and independent valuations, on which they are entered into.

The Manager will also incorporate into its internal audit plan a review of all Related Party Transactions entered into by EC World REIT. The Audit and Risk Committee shall review the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix have been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee. If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken:

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding S$100,000 in value but less than 3.0% of the value of EC World REIT's net tangible assets (based on the latest audited accounts) will be subject to review by the Audit and Risk Committee at regular intervals;

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of EC World REIT's net tangible assets (based on the latest audited accounts) will be subject to the review and prior approval of the Audit and Risk Committee. Such approval shall only be given if such transaction is on normal commercial terms and is consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and

- any transaction (either individually or as part of a series or if aggregated with other transactions involving the same Related Party during the same financial year) equal to or exceeding 5.0% of the value of EC World REIT's net tangible assets (based on the latest audited accounts) will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the Audit and Risk Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transaction would have to be approved by the Unitholders at a meeting of Unitholders.

Pursuant to the Listing Manual, transactions with a value below S$100,000 are disregarded for the purpose of the announcement and Unitholders' approval requirements under the Listing Manual as set out in the paragraph above. Accordingly, such transactions are excluded from aggregation with other transactions involving the same Related Parties.

Where matters concerning EC World REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of EC World REIT with a Related Party of the Manager (which would include relevant "associates" as defined under the Listing Manual) or EC World REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of EC World REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a Related Party of the Manager or EC World REIT. If the Trustee is to sign any contract with a Related Party of the Manager or EC World REIT, the Trustee will review the contract to ensure that it complies with the relevant requirements relating to Related Party Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

Save for the transactions to be described and disclosed in the prospectus to be issued in relation to the initial public offering of EC World REIT, EC World REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of EC World REIT's latest audited net tangible assets.

The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in a particular year, each of at least S$100,000 in value and which are subject to Rules 905 and 906 of the Listing Manual, will be disclosed in EC World REIT's annual report for the relevant financial year.

Role of the Audit and Risk Committee for Related Party Transactions

The Audit and Risk Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control system, the relevant provisions of the Listing Manual, and the Property Funds Appendix. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Committee.

If a member of the Audit and Risk Committee has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Related Party Transactions in Connection with the Setting Up of EC World REIT and the Offering

Existing Agreements

The Trustee, on behalf of EC World REIT, has entered into a number of transactions with the Manager and certain related parties of the Manager in connection with the setting up of EC World REIT. These Related Party Transactions are as follows:

- The Trustee has on 5 August 2015 entered into the Trust Deed (as amended) with the Manager. The terms of the Trust Deed are generally described in "The Formation and Structure of EC World Real Estate Investment Trust".

- The Sponsor has on 30 June 2016 granted to the Trustee the Sponsor ROFR which is subject to certain conditions. The Sponsor ROFR is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Sponsor Right of First Refusal".

- Mr Zhang Guobiao has on 30 June 2016 granted to the Trustee an individual ROFR (the "**ZGB ROFR**") which is subject to certain conditions. The ZGB ROFR is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – ZGB Right of First Refusal".

- Hangzhou Fu Gang Supply Chain Co., Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. have on 30 June 2016 entered into a master lease agreement in relation to Chongxian Port Investment. The master lease agreement is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Master Lease Agreements".

- The Sponsor and Hangzhou Bei Gang Logistics Co., Ltd. have on 30 June 2016 entered into a master lease agreement in relation to the Stage 1 Properties of Bei Gang Logistics. The master lease agreement is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Master Lease Agreements".

- Hangzhou Fuyang Yunton E-Commerce Co., Ltd. and Hangzhou Fu Heng Warehouse Co., Ltd. have on 30 June 2016 entered into a master lease agreement in relation to Fu Heng Warehouse. The master lease agreement is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Master Lease Agreements".

- The Sponsor has granted a corporate guarantee to each of Hangzhou Chongxian Port Investment Co., Ltd. and Hangzhou Fu Heng Warehouse Co., Ltd. in relation to the Master Leases for Chongxian Port Investment and Fu Heng Warehouse. The corporate guarantees are more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Corporate Guarantees".

- The Sponsor and Hangzhou Bei Gang Logistics Co., Ltd. have on 30 June 2016 entered into a call option agreement over the right of use and economic benefits of the Stage 2 Properties of Bei Gang Logistics. The call option agreement is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Call Option Agreement".

- The Sponsor and Hangzhou Bei Gang Logistics Co., Ltd. have on 30 June 2016 entered into a grant agreement in respect of the right of use and economic benefits of the Stage 2 Properties of Bei Gang Logistics (the "**Grant Agreement**"). The Grant Agreement is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Grant Agreement in relation to Bei Gang Logistics".

- Zhejiang Hengde Sangpu Logistics Co., Ltd. and Hangzhou Heng Yue Investment Management Co., Ltd. (a subsidiary of the Sponsor) have on 30 June 2016 entered into an outsourcing agreement pursuant to which Zhejiang Hengde Sangpu Logistics Co., Ltd. will outsource the provision of warehousing services to Hangzhou Heng Yue Investment Management Co., Ltd. (the "**Outsourcing Agreement**"). The Outsourcing Agreement is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Outsourcing Agreement in relation to Hengde Logistics".

- The Sponsor, the Trustee, Richwin Investment Pte. Ltd. and Hangzhou Bei Gang Logistics Co., Ltd. have on 30 June 2016 entered into a deed of indemnity in relation to Bei Gang Logistics. The deed of indemnity is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to Bei Gang Logistics".

- The Sponsor, the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. have on 30 June 2016 entered into a deed of indemnity in relation to the Development Funds Agreement. The deed of indemnity is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to the Development Funds Agreement".

- The Sponsor, the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. have on 30 June 2016 entered into a deed of indemnity in relation to the bill financing arrangements involving Hangzhou Chongxian Port Investment Co., Ltd.. The deed of indemnity is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to the Bill Financing Arrangements involving Hangzhou Chongxian Port Investment Co., Ltd.".

- The Sponsor, the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd. have on 30 June 2016 entered into a deed of indemnity in relation to the bill financing arrangements involving Hangzhou Chongxian Port Logistics Co., Ltd.. The deed of indemnity is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to the Bill Financing Arrangements involving Hangzhou Chongxian Port Logistics Co., Ltd.".

- The Sponsor, the Trustee, Magnasset Investment Pte. Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd. have on 30 June 2016 entered into a deed of indemnity in relation to the housing provident fund issues involving Zhejiang Hengde Sangpu Logistics Co., Ltd.. The deed of indemnity is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to the Housing Provident Fund Issues involving Zhejiang Hengde Sangpu Logistics Co., Ltd.".

- The Sponsor, the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. have on 30 June 2016 entered into a deed of indemnity in relation to the on-going construction works at Chongxian Port Investment's storage yard. The deed of indemnity is more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Deed of Indemnity in relation to the Construction Works at Chongxian Port Investment".

- The Trustee, the Manager and the Property Manager have on 30 June 2016 entered into the Master Property Management Agreement for the operation, maintenance, management and marketing of properties of EC World REIT by the Property Manager from time to time. These agreements are more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Property Management Agreements – Master Property Management Agreement".

- The Trustee, the Manager, the PRC Property Companies and the Property Manager have on 30 June 2016 entered into the Individual Property Management Agreements for the operation, maintenance, management and marketing of properties of EC World REIT by the Property Manager from time to time. On the Listing Date, the Property Manager will continue to provide property and lease management services, maintenance and repair services, marketing services and project management services for the properties in EC World REIT's portfolio under the existing Individual Property Management Agreements. These agreements are more particularly described in "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Property Management Agreements – Individual Property Management Agreements".

The Property Manager is staffed by employees with relevant experience and expertise and therefore the Manager considers that the Property Manager has the necessary expertise and resources to perform the property management, lease management, project management and marketing services for the Properties.

Based on its experience, expertise and knowledge, the Manager believes that each of the Trust Deed, the Sponsor ROFR, the ZGB ROFR, the Master Leases, the Corporate Guarantees, the Call Option Agreement, the Grant Agreement, the Outsourcing Agreement, the Deeds of Indemnity, the Master Property Management Agreement and the Individual Property Management Agreements reflects normal commercial terms and is not prejudicial to the interests of EC World REIT and the Unitholders.

Save as disclosed in this Prospectus, the Trustee has not entered into any other transactions with (i) the Manager or any Related Party of the Manager or (ii) the Property Manager in connection with the setting-up of EC World REIT.

Master Property Management Agreement

In respect of property and lease management services, marketing services and project management services which the Property Manager will provide for each property under its management (including properties subsequently acquired by EC World REIT), the Property Manager shall be entitled to receive from the Trustee in respect of each property of EC World REIT under its management:

- in respect of property and lease management services and maintenance and repair services, a property management fee of 1.5% per annum of the Gross Revenue for the relevant property;

- in respect of the marketing services, for leases with a tenure of 24 months or more, (a) a lease-up commission of 1 month for new leases, and (b) a commission of 0.5 month for the renewal of existing leases. If the new lease or lease renewal is for tenure of less than 24 months, the commission shall be calculated *pro rata*;

- in respect of the project management services to be provided by the Property Manager for EC World REIT's properties, the Property Manager is entitled to a project management fee based on the following development or re-development (if not prohibited by the Property Funds Appendix or if otherwise permitted by the MAS), refurbishment, retrofitting, addition and alteration or renovation works to the relevant property:

  (i) where the construction costs are RMB10.0 million or less, a fee of 3.25% of the construction costs;

  (ii) where the construction costs exceed RMB10.0 million but do not exceed RMB100.0 million, a fee of 3.0% of the construction costs;

  (iii) where the construction costs exceed RMB100.0 million but do not exceed RMB250.0 million, a fee of 2.75% of the construction costs; and

  (iv) where the construction costs exceed RMB250.0 million, a fee[1] to be mutually agreed by the Manager, the Trustee and the Property Manager.

The lease commission payable to the Property Manager in respect of the marketing services to be provided for the Properties in the IPO Portfolio shall only be payable for new leases entered into or existing leases renewed in the year commencing from 1 January 2018 and thereafter.

The property management fee, the lease commission and the project management fee will be paid to the Property Manager in the form of cash. The Manager has the discretion under the Individual Property Management Agreement to pay the Property Manager its fees in the form of cash and/or Units. Where the fees are to be paid in the form of Units, the issue price at which the Units are issued will be determined in accordance with the Individual Property Management Agreement. (See "Certain Agreements Relating to EC World Real Estate Investment Trust and the Properties – Individual Property Management Agreement" for further details.)

1 The quantum of the project management fee and the methodology for its computation shall be disclosed in the annual report of EC World REIT.

In addition to the above, the Property Manager shall enter into a separate service agreement with the end-tenants of the Property where the end-tenant shall pay fees to the Property Manager for the specific services provided by the Property Manager in respect of:

(i) general maintenance or repair works on the leased premises of the end-tenant; and

(ii) ad hoc maintenance or repair works on the leased premises of the end-tenant.

On the Listing Date, the Property Manager will be providing its services to the Properties of the IPO Portfolio.

In addition to its fees, the Property Manager will be fully reimbursed for certain costs. (See "Certain Agreements Relating to EC World REIT and the Properties – Property Management Agreements – Master Property Management Agreement – Expenses" for further details.)

Banking Transactions between DBS Bank (China) Limited and EC World REIT

Both the Trustee and DBS Bank (China) Limited are wholly-owned subsidiaries of DBS Bank Ltd. and DBS Bank (China) Limited is considered an associate of the Trustee (for the purposes of the Property Funds Appendix). Accordingly, as the definition of an "interested party" under the Property Funds Appendix includes an associate of the trustee of a REIT, a transaction between EC World REIT and DBS Bank (China) Limited will be an "interested party transaction" for the purposes of the Property Funds Appendix. Correspondingly, when EC World REIT enters into a banking transaction with DBS Bank (China) Limited, DBS Bank (China) Limited is an "interested person" for the purposes of Chapter 9 of the Listing Manual.

In relation to the above, the Manager has obtained from the SGX-ST its confirmation of no objection to the application of the exemption provided by Rule 915(7) to banking transactions that EC World REIT, on normal commercial terms and in the ordinary course of business, would enter into with DBS Bank (China) Limited.

Other Related Party Transactions

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction the value of which is less than S$100,000 is not considered material in the context of the Offering and is not set out as a Related Party Transaction in this section.

As at the Latest Practicable Date, certain related corporations of the Sponsor have entered into the following lease agreements with the relevant PRC Property Companies for the lease of premises at some of the Properties in the IPO Portfolio. While the leases set out below may not have been provided on arm's length terms, the Manager believes that they were entered into on normal commercial terms and are not prejudicial to the interest of EC World REIT or the Unitholders.

Property	Related Party	Unit	Gross Rent (for the month of December 2015) (RMB)	Lease Expiry Date
Fu Zhuo Industrial	Xi Lian Logistics	Berth (4,376 sq m) Warehouse (2,047.65 sq m)	466,666.67	7 October 2029
Fu Zhuo Industrial	Hangzhou Fu Gang Supply Chain Co., Ltd	Storage yard (4,826 sq m)	125,000.00	24 April 2020

Property	Related Party	Unit	Gross Rent (for the month of December 2015) (RMB)	Lease Expiry Date
Hengde Logistics	Hangzhou Fuyang Yunton E-Commerce Co., Ltd.	Office (Level 2-6, 3,214.59 sq m)	250,738.02	30 November 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd	Storage yard (North of warehouse 2)	243,200.00	25 April 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd	Warehouse 1, unit 6-7	199,548.24	25 April 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd	Warehouse 1, unit 8	100,669.00	31 December 2019
Chongxian Port Logistics	Zhejiang Yuntong E-Commerce Co., Ltd	Building 6, offices at F1 – 2	335,070.00	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Building 6, Spaces at F1	20,207.00	31 May 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Building 6, Room 202, 203	10,585.59	31 March 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Building 6, Room 303	3,855.50	30 June 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 306	3,855.50	30 September 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 311	2,908.87	31 October 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 317	1,460.18	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 318	2,908.87	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 401, 402	7,667.42	30 April 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 406	3,855.50	6 May 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 407	3,855.50	24 March 2020

Property	Related Party	Unit	Gross Rent (for the month of December 2015) (RMB)	Lease Expiry Date
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 409	3,855.50	14 November 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 410	3,437.75	6 May 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 418	2,908.87	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 502	3,866.13	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 505	3,855.50	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 506	3,855.50	31 March 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 509	3,855.13	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 513	2,920.37	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 515	2,920.37	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 516	2,834.45	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 518	2,908.87	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 601, 602, 603 605-613, 615-618	51,651.06	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 701-703	11,522.91	31 December 2019
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 710	3,437.75	30 May 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 717	1,460.18	25 May 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 801, 802	7,667.42	3 July 2020

Property	Related Party	Unit	Gross Rent (for the month of December 2015) (RMB)	Lease Expiry Date
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Room 818	2,908.87	31 December 2019
Chongxian Port Logistics	Wangying Supply chain Co., Ltd.	Room 902	2,555.00	25 April 2020
Chongxian Port Logistics	Wangying Supply chain Co.,Ltd.	The rest of F9	49,111.67	25 April 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	F10	51,651.06	25 April 2020
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	F11	68,868.08	25 March 2020
Chongxian Port Logistics	Forchn Holdings Group Co., Ltd.	Building 6, F12	79,240.00	31 December 2015
Chongxian Port Logistics	Hangzhou Fu Gang Supply Chain Co., Ltd.	Building 6, basement	29,138.71	25 April 2020
Chongxian Port Logistics	Forchn Holdings Group Co., Ltd.	Building 7, F1 West	44,130.00	31 December 2015
Chongxian Port Logistics	Forchn Holdings Group Co., Ltd.	Building 7, F1 East	68,000.00	31 December 2015
Chongxian Port Logistics	Hangzhou Yuhang Chongguang Logistic Co., Ltd.	Building 7, F2	77,562.50	31 December 2016

Exempted Agreements

The entry into and the fees and charges payable (where applicable) by EC World REIT and its subsidiaries under the Trust Deed, the Sponsor ROFR, the ZGB ROFR, the Master Leases, the Corporate Guarantees, the Call Option Agreement, the Grant Agreement, the Outsourcing Agreement, the Deeds of Indemnity, the Master Property Management Agreement and the Individual Property Management Agreements and the leases set out in this section "– Other Related Party Transactions" (collectively, the "Exempted Agreements"), each of which constitutes or will, when entered into, constitute a Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that specific information on these agreements have been disclosed in the Prospectus and there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect EC World REIT and its subsidiaries.

(See "Overview – Certain Fees and Charges" for the fees and charges payable by EC World REIT in connection with the establishment and on-going management and operation of EC World REIT for further details.)

Any renewal of the Master Property Management Agreement will be subject to Rules 905 and 906 of the Listing Manual.

(See "The Manager and Corporate Governance – Related Party Transactions – The Manager's Internal Control System" for further details.)

Future Related Party Transactions

As a REIT listed on the SGX-ST, EC World REIT is regulated by among others, the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among others, transactions entered into by the Trustee (for and on behalf of EC World REIT) with an Interested Party relating to EC World REIT's acquisition of assets from or sale of assets to an Interested Party and EC World REIT's investment in securities of or issued by an Interested Party and the engagement of an Interested Party as property management agent or marketing agent for EC World REIT's properties.

Depending on the materiality of transactions entered into by EC World REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by an Interested Party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of the Unitholders be obtained.

The Listing Manual regulates all Interested Person Transactions, including transactions already governed by the Property Funds Appendix. Depending on the materiality of the transaction, EC World REIT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (Rule 906 of the Listing Manual). The Trust Deed requires the Trustee and the Manager to comply with the provisions of the Listing Manual relating to Interested Person Transactions as well as such other guidelines relating to Interested Person Transactions as may be prescribed by the SGX-ST to apply to REITs.

The Manager may at any time in the future seek a general annual mandate from the Unitholders pursuant to Rule 920(1) of the Listing Manual for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, including a general mandate in relation to leases and/or licence agreements to be entered into with Interested Persons, and all transactions conducted under such general mandate for the relevant financial year will not be subject to the requirements under Rules 905 and 906 of the Listing Manual. In seeking such a general annual mandate, the Trustee will appoint an independent financial adviser (without being required to consult the Manager) pursuant to Rule 920(1)(b)(v) of the Listing Manual to render an opinion as to whether the methods or procedures for determining the transaction prices of the transactions contemplated under the general annual mandate are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of EC World REIT and the Unitholders.

A proposed transaction would have to comply with both the Property Funds Appendix and the Listing Manual requirements, as it is *prima facie* governed by both sets of rules. Where matters concerning EC World REIT relate to transactions entered or to be entered into by the Trustee for and on behalf of EC World REIT with a Related Party of the Manager or EC World REIT, the Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual.

Subject to compliance with the applicable requirements, the Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the Trustee (when acting other than in its capacity as trustee of EC World REIT) or from being interested in any such contract or transaction, provided that any such transaction shall be on normal commercial terms and is not prejudicial to the interests of EC World REIT and the Unitholders. The Manager shall not be liable to account to the Trustee or to the Unitholders for any profits or benefits or other commissions made or

derived from or in connection with any such transaction. The Trustee shall not be liable to account to the Manager or to the Unitholders for any profits or benefits or other commission made or derived from or in connection with any such transaction.

Generally, under the Listing Manual, the Manager, its "connected persons" (as defined in the Listing Manual) and any director of the Manager are prohibited from voting their respective own Units at, or being part of a quorum for, any meeting to approve any matter in which it has a material interest.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Manager believes in being a responsible corporate citizen and acknowledges its responsibilities toward society, the environment and the stakeholders of EC World REIT. The Manager seeks to conduct its business of managing EC World REIT in a fair and ethical manner to demonstrate its consideration towards its employees and the wider community. The Manager is committed to providing a safe and healthy working environment for its employees and visitors to the premises of EC World REIT's properties. It will also ensure that sufficient information and training are made available to its employees in pursuance of their activities.

As the Manager was recently incorporated on 14 May 2015 and EC World REIT was recently established as a private trust on 5 August 2015, the Manager has not undertaken any specific activities so far. Going forward, the Manager may also work with the Sponsor on its corporate social responsibility initiatives and leverage on the Sponsor's resources and network as a platform to reach out to society and the stakeholders of EC World REIT for mutual benefit and for the benefit of the community in which EC World REIT operates. Through the above, the Manager will seek to manage its activities and continuously develop and improve its corporate social responsibility.

THE SPONSOR

INTRODUCTION TO THE SPONSOR

The Sponsor, Forchn Holdings Group Co., Ltd., is a diversified enterprise group specialising in the real estate sector, industrial sector, e-commerce, logistics and finance. The Sponsor was established in 1992 and its headquarters are located in Shanghai. As at 31 December 2015, the audited net asset value of the Sponsor group was RMB1,363.4 million, and the total debt and total cash of the Sponsor group were RMB2,649.7 million and RMB726.5 million respectively. The revenue and the profit after tax of the Sponsor group for the financial year ended 31 December 2015 were RMB2,950.4 million and RMB208.6 million respectively.[1]

Mr Zhang Guobiao and his brother, Mr Zhang Zhangsheng, are joint owners of the Sponsor, and each of them has over 15 years of experience in real estate and related sectors. Mr Zhang Guobiao is also the Executive Vice Chairman of Zhejiang Chamber of Commerce in Shanghai and is a member of National People's Congress of Pudong. Some of the notable awards and accolades which Mr Zhang Guobiao has received are, the Award of Excellence awarded by the Third Global Zhejiang Entrepreneurs Convention (2015), the Zhejiang Entrepreneur of the Year 2014 and Award of Innovation and Entrepreneurship by the Second Global Zhejiang Entrepreneurs Convention (2013).

Some of the notable awards and accolades which the Sponsor has received are:

- Shanghai Famous Brand Award (上海名牌);
- Top 100 Private Enterprises in Shanghai 2015 (2015 年度上海民营企业100 强);
- Top 100 Private Science and Technology Enterprise in Shanghai in 2006 (2006 年度上海民营科技企业100); and
- Top 10 Zhejiang Returnee Investment Model Enterprise (十大回乡投资模范浙商).

The Sponsor has extensive construction and operational experience in the logistics industry, and has independently invested over RMB5.0 billion in the Zhejiang Province. This includes its investment in and the construction of the Chongxian Port facility, which is recognised as a key construction project by the PRC Government at both provincial and national levels in the PRC and ranks among the top three inland ports by scale (excluding those on the Yangtze River) in the PRC. The Sponsor is also an operator of the Chongxian Port facility.

The Sponsor's industrial division undertakes research and development, manufacturing and distribution of cutlery products under the China-renowned trademark of "Zhang Xiao Quan 张小泉" (which has been established since 1628 and is a popular brand in the PRC). Another sector of its industrial division specialises in the manufacturing of building materials, with a focus on environmentally-friendly products, including aerated concrete products, thermal-insulation and energy-saving wall materials and integrated building systems.

---

1 The Sponsor's financial information as at 31 December 2015 are based on the assumption that the PRC Property Companies are still held by the Sponsor. The Sponsor's audited financial information as disclosed above has been provided by the Sponsor and has not been subject to an audit or review engagement by the Reporting Auditor. It should also be noted that the Sponsor's audited financial information stated herein does not take into account the Sponsor's stake in EC World REIT. Prospective investors should not place undue reliance on this information.

The Sponsor has partnered with Fosun Group in the real estate industry. Orient Merchant Construction & Development Co., Ltd., a joint venture between the Sponsor and Fosun Group, has established itself as the leading property firm in the commercial and cultural real estate sector through its investment, development, operation and management of key projects such as Dongyang China Woodcarving Culture Expo City, Hangzhou New World – Est Mall, Fuyang Fucheng International – Est Mall.

The Sponsor's finance division includes a management platform for mergers and acquisitions and private equity funds, and undertakes equity investment in a micro-credit loan company.

E-COMMERCE EXPERIENCE OF THE SPONSOR

The Sponsor has actively engaged in the strategic restructuring of its existing operations in industrial properties and port logistics to an e-commerce model.

The Sponsor expanded its operations in the growing e-commerce market three years ago by launching Ruyicang, an integrated smart warehousing and logistics services platform which caters to manufacturers, traders and e-commerce players at different tiers. "Ruyicang", which literally translates into an "e-warehouse achieving all the wishes and requirements of the clients". According to the Independent Market Research Consultant, Ruyicang is a leading domestic professional e-commerce warehousing logistics operator, which provides professional and efficient packaging service and warehouse and distribution service for e-commerce clients through a self-developed warehousing logistics system.

The Sponsor was one of the founding members of the joint venture known as Cainiao Network Technology Co., Ltd. (菜鸟网络科技有限公司) which was formed by the Alibaba Group, Intime Retail (Group) Company Ltd. (银泰集团), Fosun Group, Forchn Holdings Group Co., Ltd. and five other logistics companies (SF Express (顺丰速运), STO Express (申通快递), ZTO Express (中通速递), YTO Express (圆通速递) and YunDa Express (韵达快递)). Cainiao Network Technology Co., Ltd. operates the China Smart Logistics Network (中国智能物流骨干网), which was established to help transform China's logistics infrastructure through the creation of an open, transparent and shared data platform to serve e-commerce businesses, logistics companies, warehouse companies, third party logistics service providers and supply chain managers in China. The Sponsor has an established presence in the e-commerce logistics sector through Ruyicang, its integrated smart warehousing and third-party logistics services platform.

Through its foray into the PRC e-commerce market, the Sponsor has also developed expertise in relation to "business-to-consumer" (known as B2C) and "business-to-business" (known as B2B) e-commerce models that enables it to efficiently cater to both direct commercial transactions with end consumers, as well as businesses alike.

ASSETS OF THE SPONSOR WHICH ARE NOT INJECTED INTO THE IPO PORTFOLIO

The Sponsor owns and operates several properties used primarily for e-commerce and logistics purposes which are not injected into the IPO Portfolio (the "**Excluded Properties**"). The following table sets out a brief description of the Excluded Properties and the reason why these properties are not suitable for injection into the IPO Portfolio. It should be noted that any proposed disposal by the Sponsor of any of the Excluded Properties will be subject to the Sponsor ROFR.

No.	Property (Location)	GFA (sq m)	Estimated Date of Commencement of Operations	Reason for Non-Injection into the IPO Portfolio	Sponsor's Effective Interest
1.	Fu Zhou E-commerce Properties	215,643	January 2017	The property is still undergoing construction and has yet to commence operations.	58.0%(1)
2.	Stage 2 of Bei Gang Logistics (No. 9 to No. 17)	100,777	No. 9 to 14 – August 2016 No. 15 to 17 – December 2017	No. 9 to 14 Construction activities at No. 13 and No. 14 are still on-going and title certificates for No. 9 to 14 can only be granted after all the construction works are completed. No. 15 to 17 The buildings are still undergoing construction and have yet to commence operations.	100%

Note:

(1) Fu Zhou E-Commerce Co., Ltd. is a wholly-owned subsidiary of Hangzhou Zhang Xiao Quan Group Co., Ltd. ("**ZXQ Group**"). The Sponsor holds a 58.0% stake in ZXQ Group.

PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES OF THE SPONSOR

The following table sets out the Sponsor's principal subsidiaries and associated companies as at the Latest Practicable Date.

No.	Name of Subsidiary/Associated Company		Sponsor's Interest (Effective)
	Chinese Name	English Name	
1	富春投资(新加坡) 私人有限公司	Forchn Investments (Singapore) Pte. Ltd.	100.00%
2	上海富春投资有限公司	Shanghai Forchn investment Co., Ltd.	100.00%
3	运通网城资产管理私人有限公司	EC World Asset Management Pte. Ltd.	100.00%
4	上海富春建业科技股份有限公司	Shanghai Forchn Jianye Building Technologies Co., Ltd.	50.42%
5	上海富春建业股权投资管理合伙企业(有限合伙)	Shanghai Forchn Jianye Equity Investment Management Partnership(LP)	80.83%
6	杭州富泉投资有限公司	Hangzhou Fuquan Investment Co., Ltd.	100.00%
7	杭州富港供应链有限公司	Hangzhou Fu Gang Supply Chain Co., Ltd.	100.00%
8	富春物流有限公司	Forchn Logistics Co., Ltd.	100.00%
9	杭州余杭崇广物流基地有限公司	Hangzhou Yuhang Chongguang Logistics Co., Ltd.	51.00%
10	蜂巢置业有限公司	Fengchao Real Estate Co., Ltd.	100.00%

No.	Name of Subsidiary/Associated Company		Sponsor's Interest (Effective)
	Chinese Name	English Name	
11	上海富森置业投资有限公司	Shanghai Fusen Real Estate Investment Co., Ltd.	100.00%
12	运通网络科技有限公司	Yuntong Network Technology Co., Ltd.	100.00%
13	网赢科技有限公司	Wangying Technology Co., Ltd.	100.00%
14	创富春天电子商务有限公司	Chuangfu Spring E-Commerce Co., Ltd.	100.00%
15	浙江景林投资管理有限公司	Zhejiang Jinglin Investment Management Co., Ltd.	100.00%
16	上海富盛浙工建材有限公司	Shanghai Fusheng Zhegong Building Material Co., Ltd.	50.42%
17	上海富春运输有限公司	Shanghai Forchn Transportation Co., Ltd.	50.42%
18	杭州加气新型建材有限公司	Hangzhou New Aerated Building Material Co., Ltd.	37.86%
19	杭州泽通建筑节能新材料有限公司	Hangzhou Zetong Energy Saving Building Material Co., Ltd.	50.42%
20	杭州张小泉集团有限公司	Zhangxiaoquan Group Co., Ltd.	58.00%
21	上海兴泉实业有限公司	Shanghai Xingquan Industrial Co., Ltd.	100.00%
22	上海张小泉刀剪总店有限公司	Shanghai Zhangxiaoquan Scissors Store Co., Ltd.	92.00%
23	运通网城资产管理有限公司	Yuntong Property Management Co., Ltd.	100.00%
24	浙商建业有限公司	Oriental Merchant Co., Ltd.	49.00%
25	网赢供应链有限公司	Wangying Supply Chain Co., Ltd.	100.00%
26	浙江运通电子商务有限公司	Zhejiang Yuntong E-Commerce Co., Ltd.	100.00%
27	上海强军建材有限公司	Shanghai Qiangjun Building Material Co., Ltd.	50.42%
28	杭州富阳杭加新型建材有限公司	Hangzhou Fuyang Hangjia New Building Material Co., Ltd.	37.86%
29	杭州富加实业有限公司	Hangzhou Fujia Industrial Co., Ltd.	37.86%
30	杭州张小泉实业发展有限公司	Hangzhou Zhangxiaoquan Industrial Development Co., Ltd.	58.00%
31	杭州张小泉文创科技有限公司	Hangzhou Zhangxiaoquan Design And Technology Co., Ltd.	58.00%
32	浙江富洲电子商务有限公司	Zhejiang Fu Zhou E-Commerce Co., Ltd.	58.00%

No.	Name of Subsidiary/Associated Company		Sponsor's Interest (Effective)
	Chinese Name	English Name	
33	义乌市张小泉五金有限公司	Yiwu Zhangxiaoquan Hardware Co., Ltd.	58.00%
34	浙江富洲物流有限公司	Zhejiang Fu Zhou Logistics Co., Ltd.	58.00%
35	上海张小泉刀剪制造有限公司	Shanghai Zhangxiaoquan Manufactory Co., Ltd.	92.00%
36	杭州网赢物业服务有限公司	Hangzhou Wangying Property Service Co., Ltd.	100.00%
37	富阳运同电子商务有限公司	Hangzhou Fuyang Yunton E-Commerce Co., Ltd.	100.00%
38	杭州运同信息科技有限公司	Hangzhou Yunton Information Technology Co., Ltd.	70.00%
39	上海益民电子商务有限公司	Shanghai Yimin E-Commerce Co., Ltd.	32.00%
40	杭州恒悦投资管理有限公司	Hangzhou Hengyue Investment Management Co., Ltd.	100.00%

THE FORMATION AND STRUCTURE OF EC WORLD REAL ESTATE INVESTMENT TRUST

The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of EC World REIT. The Trust Deed is available for inspection at the Manager's registered office at 8 Shenton Way, #37-03, AXA Tower, Singapore 068811 (prior appointment would be appreciated).

BACKGROUND TO THE FORMATION OF EC WORLD REIT

Restructuring Exercise Prior to Listing

In preparation for the listing of EC World REIT, the Sponsor had undertaken a restructuring exercise to establish EC World REIT (first as a private trust known as EC World Trust) and the ownership structure of the IPO Portfolio held through the Singapore Holding Companies and the PRC Property Companies (collectively, the "**Restructuring Exercise**"). The Restructuring Exercise comprises the following steps:

- the constitution of the private trust known as EC World Trust (as set out below);
- the private trust's acquisition of the Singapore Holding Companies; and
- the Singapore Holding Companies' acquisition of the PRC Property Companies.

Constitution as a Private Trust

EC World REIT was constituted as a private trust known as EC World Trust on 5 August 2015 pursuant to the Trust Deed, with DBS Trustee Limited as the trustee and Madam Wang Guoli as the initial Unitholder. The private trust was established to acquire the Properties comprising the IPO Portfolio with the intention that it would eventually be converted into a listed REIT.

Regulatory Approvals for the Constitution of the Private Trust (If Any)

The PRC Legal Advisers have advised that the constitution of the private trust does not require PRC regulatory approval on the bases that:

- the private trust was constituted in Singapore and does not come within the jurisdiction of PRC laws; and
- the initial Unitholder, Madam Wang Guoli, is a citizen of The Federation of Saint Kitts and Nevis and therefore does not fall under any extraterritorial PRC laws.

Madam Wang Guoli is the spouse of Mr Zhang Guobiao, who is a controlling shareholder of the Sponsor and the Chairman and the Non-Executive Director of the Manager.

Acquisition of the Singapore Holding Companies and the PRC Property Companies

Following its constitution, EC World Trust acquired the entire issued share capital of each of the Singapore Holding Companies (which were newly-incorporated with no business operations) for nominal value. Thereafter, the Singapore Holding Companies entered into equity transfer agreements with the vendors to acquire the PRC Property Companies. The following table sets out the parties and subject-matter of the equity transfer agreements.

Purchaser	Vendor	Subject-Matter of the Equity Transfer Agreement
Fullwealth Investment Pte. Ltd.	Forchn Holdings Group Co., Ltd.	Acquisition of 100.0% interest in Hangzhou Chongxian Port Investment Co., Ltd., which owns (1) Chongxian Port Investment and (2) 100.0% equity interest of Hangzhou Chongxian Port Logistics Co., Ltd. Hangzhou Chongxian Port Logistics Co., Ltd. owns Chongxian Port Logistics.
Prorich Investment Pte. Ltd.	Shanghai Forchn Jianye Building Technologies Co., Ltd.	Acquisition of 100.0% interest in Hangzhou Fu Zhuo Industrial Co., Ltd., which owns Fu Zhuo Industrial.
Richwin Investment Pte. Ltd.	Forchn Holdings Group Co., Ltd.	Acquisition of 100.0% interest in Hangzhou Bei Gang Logistics Co., Ltd., which owns the Stage 1 Properties of Bei Gang Logistics.
Richport Investment Pte. Ltd.	Zhejiang Fu Zhou E-Commerce Co., Ltd.	Acquisition of 75.0% interest in Hangzhou Fu Heng Warehouse Co., Ltd., such that Richport Investment Pte. Ltd. becomes the sole shareholder. Hangzhou Fu Heng Warehouse Co., Ltd. owns Fu Heng Warehouse.
Magnasset Investment Pte. Ltd.	Zhongyi Group Co., Ltd.	Acquisition of 100.0% interest in Zhejiang Hengde Sangpu Logistics Co., Ltd., which owns Hengde Logistics.

Regulatory Approvals and Registrations in connection with the Acquisition of the PRC Property Companies

Approval required pursuant to Circular 10

Circular 10 is applicable to the acquisition of the PRC Property Companies except for Hangzhou Chongxian Port Logistics Co., Ltd. (which is a wholly-owned subsidiary of Hangzhou Chongxian Port Investment Co., Ltd.) and Hangzhou Fu Heng Warehouse Co., Ltd..

According to Article 6 of Circular 10, in the event of a merger and acquisition of a domestic company by a company, enterprise or natural person outside the PRC, the transaction shall be submitted to the MOFCOM or its local branch at the provincial level for examination and approval. As the Singapore Holding Companies are companies outside of the PRC, they had applied to the Hangzhou Municipal Commission of Commerce (or the Administrative Committee of Fuyang Economic and Technological Zone, as the case may be) for its approval in their acquisition of the relevant PRC Property Companies. Both Hangzhou Municipal Commission of Commerce and the Administrative Committee of Fuyang Economic and Technological Zone have been granted authority by MOFCOM pursuant to the Circular of the Ministry of Commerce on Delegating Approval Authority over Foreign Investment to Local Counterparts (《商务部关于下放外商投资审批权限 有关问题的通知》) (商资发[2010]209 号[1]).

1 According to the Circular, the commerce authorities of sub-provincial cities (which includes Harbin, Changchun, Shenyang, Jinan, Nanjing, Hangzhou, Guangzhou, Wuhan, Chengdu and Xi'an) and the National Economic and Technological Development Zones shall be responsible for the approval and management of and over the establishment and alteration of foreign investment enterprises or encouragement and permission with total investment of US$300 million and foreign investment enterprises of restriction with total investment of US$50 million in the Catalogue for the Guidance of Foreign Investment Industries.

In this regard, the Hangzhou Municipal Commission of Commerce had pursuant to Circular 10 approved the acquisitions of the relevant PRC Property Companies whose registered addresses are located in Hangzhou city:

- Hangzhou Chongxian Port Investment Co., Ltd.;
- Hangzhou Bei Gang Logistics Co., Ltd.; and
- Hangzhou Fu Zhuo Industrial Co., Ltd.

The Administrative Committee of Fuyang Economic and Technological Zone had pursuant to Circular 10 approved the acquisition of Zhejiang Hengde Sangpu Logistics Co., Ltd. whose registered address is located in Fuyang District.

On the basis of the above-mentioned approvals, the Zhejiang Provincial People's Government had issued the "Certificate of Approval for Establishment of Enterprises with Foreign investment in the PRC" to the relevant PRC Property Companies.

Approval required pursuant to the relevant PRC legislation governing joint ventures

For the acquisition of Hangzhou Fu Heng Warehouse Co., Ltd., approval is required from the Management Committee of Administrative Economic and Technological Development Zone (富阳经济技术开发区管理委员会) pursuant to the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (中外合资经营企业法) and Provisions for the Alteration of Investors' Equities in Foreign-funded Enterprises (外商投资企业投资者股权变更的若干规定).

Circular 10 is not applicable here as Hangzhou Fu Heng Warehouse Co., Ltd. was previously a joint venture company between a domestic enterprise (Zhejiang Fu Zhou E-Commerce Co., Ltd., an indirect subsidiary of the Sponsor) and a foreign-invested enterprise (Richport Investment Pte. Ltd., the Singapore Holding Company). The Administrative Committee of the Fuyang Economic and Technological Development Zone approved the change of shareholder on 23 November 2015 and Hangzhou Fu Heng Warehouse Co., Ltd. shall be wholly-owned by Richport Investment Pte. Ltd.

Status of approvals required from the relevant PRC authorities

As at the date of this Prospectus, the Singapore Holding Companies have obtained all the regulatory approvals required for the acquisition of the PRC Property Companies (being the approvals from the Hangzhou Municipal Commission of Commerce (or the Administrative Committee of Fuyang Economic and Technological Zone, as the case may be) pursuant to Circular 10 and Administrative Committee of the Fuyang Economic and Technological Development Zone in respect of the change of shareholder for Hangzhou Fu Heng Warehouse Co., Ltd.

The PRC Legal Advisers have advised that all approvals which the Singapore Holding Companies will need to obtain for the purpose of acquiring the PRC Property companies have been obtained and no further regulatory approval is required for these acquisitions following the completion of the Restructuring Exercise. The acquisition of the PRC Property Companies under the Restructuring Exercise have been conducted in compliance with all applicable PRC laws and regulations, on the bases that:

- Madam Wang Guoli was the initial sole Unitholder of EC World Trust and she was not the shareholder of the Singapore Holding Companies;[1]

- Madam Wang Guoli is a citizen of The Federation of Saint Kitts and Nevis;

- the funds for these acquisitions were not sourced from the PRC domain;

- these acquisitions had been approved by the Hangzhou Municipal Commission of Commerce (or Administrative Committee of the Fuyang Economic and Technological Development Zone, as the case may be); and

- consultation had been made with the Hangzhou Municipal Commission of Commerce on 28 September 2015, which took the position that these acquisitions are not "related-party acquisitions" under Article 11 of Circular 10 which require approval from the Ministry of Commerce pursuant to Article 15[2] of Circular 10, where the Sponsor had explained to the Hangzhou Municipal Commission of Commerce the context of these acquisitions, including the points stated above.

(See "Overview of Relevant Laws and Regulations in the People's Republic of China – Regulations in relation to the Restructuring Exercise" for further details.)

Registration with the State Administration for Industry & Commerce

Having obtained the regulatory approvals required for the acquisition of the PRC Property Companies, the Singapore Holding Companies proceeded to register the change of equity interest with the local branch of the SAIC (which is the Market Supervision Administration of Hangzhou Municipality (杭州市市场监督管理局)), whereupon the SAIC issued new business licences to the PRC Property Companies, reflecting the Singapore Holding Companies as their sole shareholders. Following the registration with the SAIC, each of the Singapore Holding Companies became the legal and beneficial owner[3] of the equity interests in the respective PRC Property Companies, notwithstanding that the purchase consideration for the relevant PRC Property Companies had yet to be paid at the time of registration with the SAIC.

---

1 Pursuant to Article 11 of Circular 10, approval from Central MOFCOM was not required for the Singapore Holding Companies' acquisition of the PRC Property Companies because, among others, Madam Wang Guoli is not the shareholder of the Singapore Holding Companies prior to their injection into the private trust.

2 Pursuant to Article 15 of Circular 10, the parties concerned to a merger and acquisition shall explain whether there is any affiliated relationship among them. If any two or more parties are controlled by the same natural person (the "**actual controller**"), such parties shall disclose the actual controller to the relevant approval authority, and shall explain whether the objectives and the evaluation results of the merger and acquisition are consistent with the fair market value. The parties concerned shall not evade the aforesaid requirements through trust, shareholding entrustment, or other means.

3 This refers to the Singapore Holding Companies becoming the approved and registered owner of the equity interests in the relevant PRC Property Companies following the registration with the SAIC and the additional disclosure of "legal and beneficial" does not alter the actual legal nature of the ownership under the PRC laws.

Payment of the Purchase Consideration for the Acquisition of the PRC Property Companies

The relevant Singapore Holding Companies shall procure direct payment of the purchase consideration to the vendors, where such purchase consideration shall be funded by the proceeds from the Offering and/or the drawdowns from the debt facilities on Listing. Therefore, the purchase consideration will be paid to the vendors on or prior to the Listing of EC World REIT.

Pursuant to Article 16 of Circular 10, the Singapore Holding Companies are required to pay the purchase consideration for the acquisition of the PRC Property Companies (except for Hangzhou Fu Heng Warehouse Co., Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd.) to the vendors within three months of the date of the issuance of the new business licence for these companies, unless they have applied to the Hangzhou Municipal Commission of Commerce for an extension of time in paying the purchase consideration. Circular 10 does not set out the penalties to be imposed by the relevant administrative authorities in relation to any delayed payment of the purchase consideration.

As at the date of this Prospectus, supplemental agreements for the acquisition of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd. and Hangzhou Fu Zhuo Industrial Co., Ltd. in relation to the extension of time for the payment of the purchase consideration have been entered into. The Hangzhou Municipal Commission of Commerce had also been consulted on whether such supplemental agreements are required to be submitted for its approval of the extension of time, and the Hangzhou Municipal Commission of Commerce had indicated that such agreements are not required to be submitted for its approval. The banks which are settling the payment of the purchase consideration may request to see the approval from the Hangzhou Municipal Commission of Commerce for their own business purposes, and should such a request be made, the Singapore Holding Companies will have to procure confirmation of such approval from the Hangzhou Municipal Commission of Commerce.

As a pre-emptive measure, the Sponsor, in approaching the banks for the settlement process, had communicated to these banks of the situation regarding the approval of the extension from the Hangzhou Municipal Commission of Commerce. According to the Sponsor, the banks which were approached were informed of the situation for the settlement process and they did not indicate any requirement for approval from the Hangzhou Municipal Commission of Commerce for the settlement process. The Sponsor had also earlier consulted the Hangzhou Municipal Commission of Commerce, which had agreed to coordinate and facilitate the payment settlement process by informing the banks of their approval if the banks require such approval.

Prior to the Listing Date, the Singapore Holding Companies became the legal and beneficial owner[1] of the equity interest in the PRC Property Companies following registration with the SAIC. The timing of the payment of the purchase consideration to the vendors does not affect the Singapore Holding Companies' title to the equity interest of the PRC Property Companies.

While Article 16 of Circular 10 states that a foreign investor shall receive its return on investment based on the percentage of its actual payment of capital, the PRC Legal Advisers have advised that there is minimal risk that the Singapore Holding Companies will not be able to receive dividends (if any) from the PRC Property Companies before they pay the purchase consideration because:

– the equity transfer agreements and their supplemental agreements do not impose any restrictions on the Singapore Holding Companies' ability to receive dividends from the PRC Property Companies until the purchase consideration is paid;

---

1 This refers to the Singapore Holding Companies becoming the approved and registered owner of the equity interests in the relevant PRC Property Companies following the registration with the SAIC and the additional disclosure of "legal and beneficial" does not alter the actual legal nature of the ownership under the PRC laws.

– the Zhejiang branch of the SAFE had been consulted and it indicated that the remittance of dividends by the PRC Property Companies was a matter to be handled by the banks and as at the date of this Prospectus, the banks consulted by the Sponsor have not requested to see proof of payment of purchase consideration for the purpose of remitting dividends;

– there is no official statement or interpretation regarding Article 16 of Circular 10 to clarify whether "actual payment of capital" refers to the payment of the purchase consideration; and

– Article 2 of Circular 13 (which took effect from 1 June 2015) had abolished the requirement for a foreign investor to register its payment of the purchase consideration to a domestic investor for its acquisition of equity interest in a PRC company.

(See "Overview of Relevant Laws and Regulations in the People's Republic of China – Regulations in relation to the Restructuring Exercise – Payments of the Consideration of the Equity Transfer" for further details.)

Debt Settlement Arrangements in relation to the Payment for the Acquisition of Certain PRC Property Companies

The following table sets out information on the relevant Singapore Holding Companies which owe monies to Forchn International Co. Limited ("**Forchn International**") or Forchn Investments (Singapore) Pte. Ltd. as at the date of this Prospectus, in relation to the acquisition of certain PRC Property Companies.

Debtor	Creditor	Details of Indebtedness
Fullwealth Investment Pte. Ltd. ("**Fullwealth**")	Forchn Investments (Singapore) Pte. Ltd.	Fullwealth borrowed US$59.6 million from Forchn International to finance its acquisition of Hangzhou Chongxian Port Investment Co., Ltd. Forchn International, Forchn Investments and Fullwealth entered into a deed of novation where Forchn International novated its rights and obligations to Forchn Investments. Pursuant to the deed of novation, Fullwealth shall be obliged to repay Forchn Investments instead of Forchn International.
Prorich Investment Pte. Ltd. ("**Prorich**")	Forchn International	Prorich borrowed US$1.1 million from Forchn International to finance its acquisition of Hangzhou Fu Zhuo Industrial Co., Ltd. Prorich shall repay Forchn International with proceeds from the Offering.
Richport Investment Pte. Ltd. ("**Richport**")	Forchn International	Richport borrowed US$52.3 million from Forchn International to finance its acquisition of Hangzhou Fu Heng Warehouse Co., Ltd. Richport shall repay Forchn International with proceeds from the Offering.

The following table sets out the Sponsor's indebtedness to the relevant PRC Property Companies as at the date of this Prospectus.

Debtor	Creditor	Details of Indebtedness
Sponsor	Hangzhou Chongxian Port Investment Co., Ltd.	The Sponsor owes an aggregate amount of RMB210.9 million to Hangzhou Chongxian Port Investment Co., Ltd.
Sponsor	Hangzhou Fu Heng Warehouse Co., Ltd.	The Sponsor owes an aggregate amount of RMB4.4 million to Hangzhou Fu Heng Warehouse Co., Ltd.
Sponsor	Zhejiang Hengde Sangpu Logistics Co., Ltd.	The Sponsor owes an aggregate amount of RMB46.4 million to Zhejiang Hengde Sangpu Logistics Co., Ltd.
Aggregate owed by the Sponsor		RMB261.7 million (S$53.7[1] million) (the "**Sponsor's Indebtedness**")

The Sponsor is the holding company of Forchn Investments (Singapore) Pte. Ltd. Fullwealth, Forchn Investments (Singapore) Pte. Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. and the Sponsor had entered into a restructuring arrangement where the Sponsor's Indebtedness shall be set-off against the US$59.6 million (or S$80.4[2] million) owed by Fullwealth to Forchn Investments (Singapore) Pte. Ltd., and Fullwealth shall be required to pay S$26.7 million to Forchn Investments (Singapore) Pte. Ltd. with proceeds from the Offering. (See "Use of Proceeds – Issue Proceeds" for further details.)

Registration with the State Administration of Foreign Exchange

As at the date of this Prospectus, all the PRC Property Companies have completed their foreign exchange registration with the qualified banks (as required by the Notice of the State Administration of Foreign Exchange on Further Simplification and and Improvement of Foreign Exchange Administration Policy of Direct Investment 《国家外汇管理局关于进一步简化和改进直接投资外汇管理政策的通知》(汇发[2015]13 号) ("**Circular 13**"), except for Hangzhou Chongxian Port Logistics Co., Ltd. of which such requirement is not applicable because it is a wholly-owned subsidiary of Hangzhou Chongxian Port Investment Co., Ltd.. Foreign exchange registration with the qualified banks is required so that the PRC Property Companies can establish, among others, foreign exchange accounts and deal with receipt and payment and settlement of foreign exchange. The relevant PRC Property Companies have registered with the Fuyang Branch of the Industrial and Commercial Bank of China and the Yuhang Branch of the Bank of Communications and have obtained all their business registration certificates.

(See "Overview of Relevant Laws and Regulations in the People's Republic of China – Regulations in relation to the Restructuring Exercise – Registration at the State Administration of Foreign Exchange" for further details.)

As at the date of this Prospectus, the PRC Property Companies have completed (where applicable) all the registration procedures with the SAIC, the SAFE (through the qualified banks) and the local tax authorities in respect of the changes arising from the acquisition by the Singapore Holding Companies.

---

1 Converted at an agreed exchange rate of S$1.00 = RMB4.88.

2 Converted at an agreed exchange rate of US$1.00 = S$1.35.

Listing of EC World REIT upon Completion of Restructuring Exercise

Upon completion of the Restructuring Exercise, EC World REIT will own the Singapore Holding Companies, which shall in turn own the PRC Property Companies.

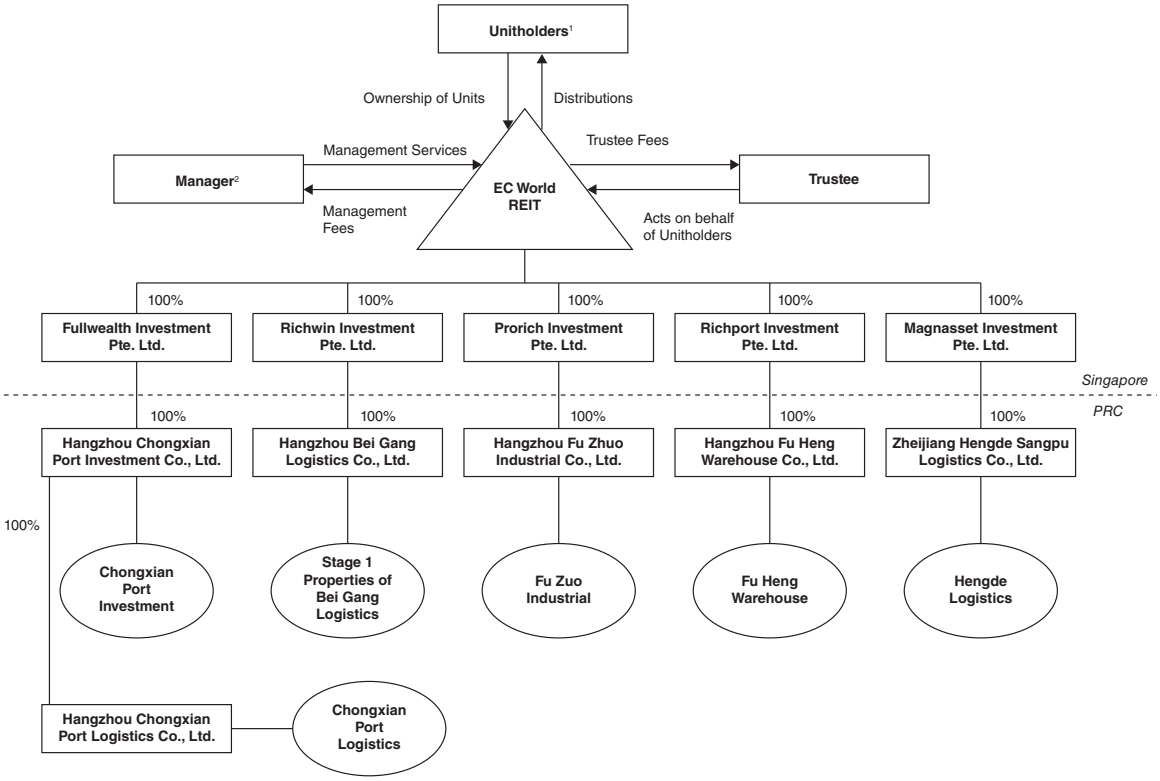
Regulatory Approvals for the Listing of EC World REIT upon Completion of Restructuring Exercise (If Any)

The PRC Legal Advisers have advised that no specific PRC regulatory approvals are required for the Singapore Holding Companies' on-going ownership of the PRC Property Companies as they have obtained the requisite approvals during the acquisition process.

The PRC Legal Advisers have also advised that approval from the China Securities Regulatory Commission (the "**CSRC**") pursuant to Circular 10 is not required for the listing of EC World REIT on the SGX-ST. Circular 10 stipulates that an offshore special purpose vehicle formed for listing purpose and controlled directly or indirectly, by PRC companies or individuals, shall obtain the approval from the CSRC prior to the listing and trading of its securities on an overseas stock exchange. Circular 10 is not applicable to the listing of EC World REIT and the listing of EC World REIT does not require the approval from CSRC pursuant to Circular 10, unless new laws and regulations are enacted, or CSRC issues new provisions or interpretations on Circular 10 in the future that provide the contrary.

THE STRUCTURE OF EC WORLD REIT

The structure of EC World REIT is set out below.



Notes:

(1) The Sponsor shall be a controlling Unitholder of EC World REIT as at the Listing Date through its interest in the Sponsor Units. The PRC Legal Advisers have advised that the Sponsor does not need to obtain any approvals pursuant to Circular 10 for its investment in EC World REIT because the Sponsor did not have any unitholding in EC World REIT when it was first established as a private trust to acquire the PRC Property Companies through the Singapore Holding Companies and therefore the "affiliated acquisition" concept under Circular 10 was not

applicable. EC World REIT has since completed its acquisition of the PRC Property Companies PRC. Post-completion of the acquisitions, Circular 10 is not applicable to the Sponsor's investment in EC World REIT because Circular 10 governs foreign investors acquiring interests in Chinese companies, while Sponsor's investment in EC World REIT is a Chinese company investing abroad.

(2) The Manager is a wholly-owned subsidiary of the Sponsor.

THE TRUST DEED

EC World REIT is a trust constituted by the Trust Deed and is principally regulated by among others, the SFA, the listing rules of the SGX-ST, and the CIS Code, including the Property Funds Appendix, other relevant regulations and the Trust Deed. EC World REIT was authorised as a collective investment scheme by the MAS on 20 July 2016.

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Manager, the Trustee and Unitholders under the Trust Deed. The Property Funds Appendix also imposes certain restrictions on REITs in Singapore, including a restriction on the types of investments which REITs in Singapore may hold, a general limit on their level of borrowings and certain restrictions with respect to Interested Party Transactions.

The terms and conditions of the Trust Deed shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed contained covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and an authorisation by each Unitholder to do all such acts and things as the Trust Deed may require the Manager and/or the Trustee to do.

Operational Structure

EC World REIT is established to invest in real estate and real estate-related assets. The Manager must manage EC World REIT so that the principal investments of EC World REIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate and real estate-related assets). EC World REIT is a Singapore REIT 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 on the PRC.

EC World REIT aims to generate returns for its Unitholders by owning, buying and actively managing such properties in line with its investment strategy (including the selling of any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the Property Funds Appendix and the Listing Manual, the Manager is also authorised under the Trust Deed to invest in investments which need not be real estate.

The Manager may use certain financial derivatives for hedging purposes or efficient portfolio management, provided that such financial derivatives are not used to gear the overall portfolio of EC World REIT or intended to be borrowings or any form of financial indebtedness of EC World REIT. Although the Manager may use certain financial derivative instruments to the extent permitted by such laws, rules and regulations as may be applicable including, but not limited, to the CIS Code (including the Property Funds Appendix) and the Listing Manual, the Manager presently does not have any intention for EC World REIT to invest in options, warrants, commodities, futures contracts and precious metals.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee.

Each Unit represents an undivided interest in EC World REIT. A Unitholder has no equitable or proprietary interest in any particular part of the underlying assets of EC World REIT. A Unitholder is not entitled to the transfer to him of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of EC World REIT. A Unitholder's right is limited to the right to require due administration of EC World REIT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee or the Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that he will not commence or pursue any action against the Trustee or the Manager seeking an order for specific performance or for injunctive relief in respect of the assets of EC World REIT (or any part thereof), including all its Authorised Investments (as defined in the Trust Deed), and waives any rights it may otherwise have to such relief. If the Trustee or the Manager breaches or threatens to breach its duties or obligations to the Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee or the Manager is limited to a right to recover damages or compensation from the Trustee or the Manager in a court of competent jurisdiction, and the Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

"**Authorised Investments**" means:

(i) real estate;

(ii) any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon;

(iii) real estate-related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;

(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the Authority) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

(v) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

(vi) cash and cash equivalent items;

(vii) financial derivatives only for the purposes of (a) hedging existing positions in EC World REIT's portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management, PROVIDED THAT such derivatives are not used to gear the overall portfolio of EC World REIT or intended to be borrowings or any form of financial indebtedness of EC World REIT; and

(viii) any other investment not covered by paragraph (i) to (vii) of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by EC World REIT and approved by the Trustee in writing.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Manager or the Trustee, exercise any right in respect of the assets of EC World REIT or any part thereof or lodge any caveat or other notice affecting the real estate or real estate-related assets of EC World REIT (or any part thereof), or require that any part of the assets of EC World REIT be transferred to such Unitholder.

No certificate shall be issued to Unitholders by either the Manager or the Trustee in respect of Units issued to Unitholders. For so long as EC World REIT is listed, quoted and traded on the SGX-ST, the Manager shall, pursuant to the conditions to be entered into between CDP, the Manager and the Trustee containing their agreement on the arrangements relating to the Units being deposited with CDP pursuant to the listing of EC World REIT on the SGX-ST, as the same may be amended from time to time (the "Depository Services Terms and Conditions") appoint CDP as the Unit depository for EC World REIT, and all Units issued will be deposited with CDP and represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with, CDP as the registered holder of such Units.

For so long as EC World REIT is listed on the SGX-ST, the Manager or the agent appointed by the Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium. For the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units, except in the case of a rights issue or, as the case may be, any preferential offering, where the Manager has the right under the Trust Deed to elect not to extend an offer of Units under the rights issue or, as the case may be, any preferential offering to Unitholders whose addresses are outside Singapore.

The Take-over Code applies to REITs. As a result, acquisitions of Units which may result in a change in effective control of EC World REIT and the aggregate Unitholdings of an entity and its concert parties crossing certain thresholds will be subject to the mandatory provisions of the Take-over Code, such as a requirement to make a mandatory general offer for Units.

Issue of Units

The following is a summary of the provisions of the Trust Deed relating to the issue of Units.

Subject to the following sub-paragraphs (1), (2) and (3) below and to any relevant laws, regulations and guidelines, for so long as EC World REIT is listed, the Manager may issue Units on any Business Day at an issue price equal to the "market price", without the prior approval of the Unitholders. For this purpose, "market price" shall mean:

(i) (subject to paragraphs (ii) and (iii) below) the volume weighted average price for a Unit (if applicable, of the same class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which EC World REIT is listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or relevant Recognised Stock Exchange) immediately preceding (and for the avoidance of doubt, including) the relevant Business Day;

(ii) if the Manager believes that the calculation in paragraph (i) above does not provide a fair reflection of the market price of a Unit (which may include, among others, instances where

the trades on the Units are very low or where there is disorderly trading activity in the Units), an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair market price of a Unit; or

(iii) (in relation to the issue of Units to the Manager as payment of the management fee) the volume weighted average price for a Unit for all trades on the SGX-ST, or (as the case may be) such other Recognised Stock Exchange on which EC World REIT is listed, in the ordinary course of trading on the SGX-ST or (as the case may be) such other Recognised Stock Exchange, for the period of 10 Business Days immediately preceding (and, for the avoidance of doubt, including):

(A) (in relation to the Base Fee) the end of the relevant financial quarter to which such Base Fee relates; and/or

(B) (in relation to the Performance Fee) the end date of the relevant financial year to which such Performance Fee relates.

(1) For as long as EC World REIT is listed on the SGX-ST or any other Recognised Stock Exchange, the Manager may issue Units at an issue price other than calculated in accordance with the above paragraph without the prior approval of Unitholders provided that the Manager complies with the Listing Manual, or if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other relevant laws, regulations and guidelines in determining the issue price, including the issue price for a rights issue on a pro rata basis to all existing Unitholders, the issue price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Unitholders and the issue price for any reinvestment or distribution arrangement. If the issue price determined by the Manager is at a discount to the market price, the discount shall not exceed such percentage as may, from time to time, be permitted under the Listing Manual or, if applicable, the listing rules of the relevant Recognised Stock Exchange, the Property Funds Appendix or any other relevant laws, regulations and guidelines.

(2) Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by EC World REIT in conjunction with an issue of Units to raise cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the issue price of a Unit so issued as full or partial consideration shall be the same as the issue price for the Units issued in conjunction with an issue of Units to raise cash for the aforesaid purposes.

(3) The scope of the general mandate to be given in a general meeting of the Unitholders is limited to the issue of an aggregate number of additional Units which must not exceed 50.0% of the total number of Units in issue, of which the aggregate number of additional Units to be issued other than on a pro rata basis to the existing Unitholders must not exceed 20.0% of the total number of Units in issue as at the date of the approval.

Unit Issue Mandate

On 29 June 2016, Madam Wang Guoli (as the initial Unitholder) approved the issuance of all Units comprised in the Offering, the Sponsor Units and the Cornerstone Units.

By subscribing for the Units under the Offering, investors are (A) deemed to have approved the issuance of all Units comprised in the Offering, the Sponsor Units and the Cornerstone Units and (B) deemed to have given the authority (the "**Unit Issue Mandate**") to the Manager to:

(i) (a) issue Units whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

(ii) issue Units in pursuance of any Instrument made or granted by the Manager while the Unit Issue Mandate was in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued),

provided that:

(A) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued in pursuance of Instruments made or granted pursuant to the Unit Issue Mandate) must not exceed 50.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders must not exceed 20.0% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);

(B) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering and the Redemption, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;

(C) in exercising the Unit Issue Mandate, the Manager shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);

(D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate shall continue in force until (i) the conclusion of the first annual general meeting of EC World REIT or (ii) the date by which first annual general meeting of EC World REIT is required by applicable regulations to be held, whichever is earlier. (Please see the waiver granted by the MAS as disclosed in "General Information – Waivers from the MAS");

(E) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time the Instruments or Units are issued; and

(F) the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interest of EC World REIT to give effect to the authority conferred by the Unit Issue Mandate.

Suspension of Issue of Units

The Manager or the Trustee may, with the prior written approval of the other and subject to the Listing Manual or the listing rules of any other relevant Recognised Stock Exchange (while EC World REIT is listed) and the CIS Code, suspend the issue of Units during any of the following events:

- any period when the SGX-ST or any other relevant Recognised Stock Exchange is closed (otherwise than for public holidays) or during which dealings are restricted or suspended;

- the existence of any state of affairs which, in the opinion of the Manager or (as the case may be) the Trustee, might seriously prejudice the interests of the Unitholders as a whole or of the Deposited Property;

- any breakdown in the means of communication normally employed in determining the price of any assets of EC World REIT or (if relevant) the current price thereof on the SGX-ST or any other relevant Recognised Stock Exchange, or when for any reason the prices of any assets of EC World REIT cannot be promptly and accurately ascertained;

- any period when remittance of money which will or may be involved in the realisation of any asset of EC World REIT or in the payment for such asset of EC World REIT cannot, in the opinion of the Manager, be carried out at normal rates of exchange;

- any period where the issuance of Units is suspended pursuant to any order or direction issued by the MAS or any other relevant regulatory authority;

- in relation to any general meeting of Unitholders, the 72-hour period before such general meeting or any adjournment thereof; or

- when the business operations of the Manager or the Trustee in relation to the operation of EC World REIT are substantially interrupted or closed as a result of, or arising from nationalisation, expropriation, currency restrictions, pestilence, widespread communicable and infectious diseases, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes, nuclear fusion or fission or acts of God.

Such suspension shall take effect forthwith upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other conditions under which suspension is authorised shall exist upon the declaration in writing thereof by the Manager or (as the case may be) the Trustee.

In the event of any suspension while EC World REIT is listed on the SGX-ST, the Manager shall ensure that immediate announcement of such suspension is made through the SGX-ST or the relevant Recognised Stock Exchange.

Repurchase and Redemption of Units

The Trust Deed provides that any redemption of Units will be carried out in accordance with the Property Funds Appendix, the rules of the Listing Manual (if applicable) and all other applicable laws and regulations. With respect to any terms which are necessary to carry out such redemption but are not prescribed by the Property Funds Appendix, the rules in the Listing Manual and any laws and regulations, these terms shall be determined by mutual agreement between the Manager and the Trustee.

For so long as the Units are listed on the SGX-ST, the Unitholders have no right to request that the Manager repurchase or redeem their Units while the Units are listed on the SGX-ST and/or any other Recognised Stock Exchange. It is intended that the Unitholders may only deal in their listed Units through trading on the SGX-ST.

Rights and Liabilities of Unitholders

The key rights of Unitholders include rights to:

- receive income and other distributions attributable to the Units held;
- receive audited accounts and the annual reports of EC World REIT; and
- participate in the termination of EC World REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of EC World REIT less any liabilities, in accordance with their proportionate interests in EC World REIT.

No Unitholder has a right to require that any asset of EC World REIT be transferred to him.

Further, Unitholders shall not give any directions to the Manager or the Trustee (whether at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Manager or the Trustee to do or omit doing anything which may result in:

- EC World REIT, the Manager or the Trustee, as the case may be, ceasing to comply with the Listing Manual or, if applicable, the listing rules of the relevant Recognised Stock Exchange on or after the Listing Date and such other relevant laws, regulations and guidelines; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager, providing that nothing in this provision shall limit the right of a Unitholder to require the due administration of EC World REIT in accordance with the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions provide that a Unitholder shall not be liable to the Manager or the Trustee to make any further payments to EC World REIT after it has fully paid the consideration to acquire its Units and no further liability shall be imposed on such Unitholder in respect of its Units. The provisions ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee or any creditor of EC World REIT in the event that the liabilities of EC World REIT exceed its assets.

Under the Trust Deed, every Unit carries the same voting rights.

Amendments of the Trust Deed

Any amendment of the Trust Deed after the Listing Date requires approval of Unitholders by an Extraordinary Resolution unless the Trustee certifies in writing that in its opinion such amendment:

- does not materially prejudice the interests of Unitholders and does not operate to release to any material extent the Trustee or the Manager from any responsibility to the Unitholders;

- is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including, without limitation, requirements under the relevant laws, regulations and guidelines; or

- is made to remove obsolete provisions or to correct a manifest error.

No such amendment shall impose upon any Unitholder any obligation to make any further payments in respect of his Units or to accept any liability in respect thereof.

Notwithstanding any of the above, the Manager and the Trustee shall be entitled to, subject to prior written approval of the relevant authorities (including, without limitation, the MAS) if so required by any relevant laws, regulations and guidelines, amend certain provisions in the Trust Deed relating to the use of derivatives.

Meeting of Unitholders

Under applicable law and the provisions of the Trust Deed, EC World REIT will not hold any meetings for Unitholders unless:

- the Trustee or the Manager convenes a meeting; or

- unless not less than 50 Unitholders representing not less than 10.0% of the total Units issued gives written request for a meeting to be convened.

In addition, EC World REIT is required to hold an annual general meeting once in every calendar year and not more than 15 months after the holding of the last preceding annual general meeting. Furthermore, the Trust Deed shall comply with paragraph 4 of the Property Funds Appendix.

All meetings convened shall be held in Singapore.

Unitholders may, by Extraordinary Resolution at a meeting, and in accordance with the provisions of the Trust Deed:

- sanction any amendment to the Trust Deed which shall be agreed by the Trustee and the Manager as provided in the Trust Deed;

- sanction a supplemental deed (including an amending and restating deed) increasing the maximum permitted limit or any change in the structure of fees payable to the Manager and the Trustee under the Trust Deed;

- remove the auditors and appoint other auditors in their place;

- remove the Trustee;

- direct the Trustee to take any action pursuant to Section 295 of the SFA (relating to the winding-up of EC World REIT); and

- delist EC World REIT after it has been listed.

Unitholders may also, by an Ordinary Resolution of Unitholders present and voting (with no Unitholders being disenfranchised) at a meeting of Unitholders convened in accordance with the Trust Deed, vote to remove the Manager (with the Manager and its related parties being permitted to vote).

Any decision to be made by resolution of Unitholders other than the above shall be made by Ordinary Resolution, unless an Extraordinary Resolution is required by the SFA, the CIS Code or the Listing Manual or the listing rules of any other relevant Recognised Stock Exchange.

Except as otherwise provided for in the Trust Deed, and save for extraordinary resolutions (which requires at least 21 days' notice) (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given), at least 14 days' notice (not inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Unitholders in the manner provided in the Trust Deed. Each notice shall specify the place, day and hour of the meeting, and the terms of the resolutions to be proposed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special business.

The quorum at a meeting shall not be less than two Unitholders present in person or by proxy of one-tenth in value of all the Units for the time being in issue.

Voting at a meeting shall be conducted by poll, subject to the requirements of the prevailing laws, regulations and guidelines. Unitholders do not have different voting rights on account of the number of votes held by a particular Unitholder. On the poll, every Unitholder has one vote for each Unit of which it is the Unitholder. The Trust Deed does not contain any limitation on non-Singapore resident or foreign Unitholders holding Units or exercising the voting rights with respect to their unitholdings.

Neither the Manager nor any of its Associates shall be entitled to vote or be counted as part of a quorum at a meeting convened to consider a matter in respect of which the Manager or any of its Associates has a material interest save for an Ordinary Resolution duly proposed to remove the Manager, in which case, no Unitholder shall be disenfranchised.

For so long as the Manager is the manager of EC World REIT, the controlling shareholders of the Manager and of any of its Associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to consider a matter in respect of which the relevant controlling shareholders of the Manager or of any of its Associates have a material interest.

DECLARATION OF UNITHOLDINGS

Duty of Manager to Make Disclosure

Pursuant to Section 137ZC of the SFA, where the Manager acquires or disposes of interests in Units in, or debentures or units of debentures of EC World REIT, or the Manager has been notified in writing by, *inter alia*, a Substantial Unitholder or Director or Chief Executive Officer of the Manager pursuant to the unitholdings disclosure requirements of the SFA as set out below, the Manager shall announce such information via the SGXNET and in such form and manner as the Authority may prescribe as soon as practicable, and in any case no later than the end of the Business Day following the day on which the Manager became aware of the acquisition or disposal or received the notice.

Substantial Unitholdings

Pursuant to Sections 135 to 137B of the SFA (read with Section 137U of the SFA), Substantial Unitholders are required to notify the Manager and the Trustee within two Business Days after becoming aware of their becoming a Substantial Unitholder, any subsequent change in the percentage level of their interest(s) in Units (rounded down to the next whole number) or their ceasing to be a Substantial Unitholder.

Directors and Chief Executive Officer of the Manager

Pursuant to Section 137Y of the SFA, Directors and the Chief Executive Officer of the Manager are required to, within two Business Days, notify the Manager of their acquisition of interest in Units or of changes to the number of Units which they hold or in which they have an interest.

A Director or the Chief Executive Officer of the Manager is deemed to have an interest in Units in the following circumstances:

- Where the Director or Chief Executive Officer is the beneficial owner of a Unit (whether directly through a direct securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP ("**Securities Account**") or indirectly through a depository agent or otherwise).
- Where a body corporate is the beneficial owner of a Unit and the Director or Chief Executive Officer is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in the body corporate.
- Where the Director's or Chief Executive Officer's (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years has any interest in a Unit.
- Where the Director or Chief Executive Officer, his (i) spouse or (ii) son, adopted son, stepson, daughter, adopted daughter or step-daughter below the age of 21 years:
  - has entered into a contract to purchase a Unit;
  - has a right to have a Unit transferred to any of them or to their order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not;
  - has the right to acquire a Unit under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or
  - is entitled (otherwise than by reason of any of them having been appointed a proxy or representative to vote at a meeting of Unitholders) to exercise or control the exercise of a right attached to a Unit, not being a Unit of which any of them is the holder.
- Where the property subject to a trust consists of or includes a Unit and the Director or Chief Executive Officer knows or has reasonable grounds for believing that he has an interest under the trust and the property subject to the trust consists of or includes such Unit.

THE TRUSTEE

The trustee of EC World REIT is DBS Trustee Limited. The Trustee is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act. It is approved to act as a trustee for authorised collective investment schemes under Section 289(1) of the SFA and is regulated by the MAS. As at the Latest Practicable Date, the Trustee has a paid-up capital of S$2.5 million. Its place of business is located at 12 Marina Boulevard, Level 44, Marina Bay Financial Centre Tower 3, Singapore 018982.

The Trustee holds the assets of EC World REIT on trust for the benefit of the Unitholders of EC World REIT, safeguards the rights and interests of the Unitholders of EC World REIT and exercises all the powers of a trustee and the powers accompanying ownership of the properties in EC World REIT.

The Trustee is independent of the Manager.

Powers, Duties and Obligations of the Trustee

The Trustee's powers, duties and obligations are set out in the Trust Deed. The powers and duties of the Trustee include:

- acting as trustee of EC World REIT and, in such capacity, safeguarding the rights and interests of the Unitholders, for example, by satisfying itself that transactions it enters into for and on behalf of EC World REIT with a Related Party of the Manager or EC World REIT are conducted on normal commercial terms, are not prejudicial to the interests of EC World REIT and the Unitholders, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- holding the assets of EC World REIT on trust for the benefit of the Unitholders in accordance with the Trust Deed; and

- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of EC World REIT.

The Trustee has covenanted in the Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unitholders.

In the exercise of its powers, the Trustee may (on the recommendation of the Manager) and subject to the provisions of the Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The Trustee may, subject to the provisions of the Trust Deed, appoint and engage:

- a person or entity to exercise any of its powers or perform its obligations; and

- any real estate agents or managers, including a Related Party of the Manager, in relation to the management, development, leasing, purchase or sale of any of real estate assets and real estate-related assets.

Subject to the Trust Deed and the Property Funds Appendix, the Manager may direct the Trustee to borrow or raise money or obtain other financial accommodation for the purposes of EC World REIT, both on a secured and unsecured basis.

The Trustee must carry out its functions and duties and comply with all the obligations imposed on it as set out in the Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Take-over Code, any tax ruling and all other relevant laws. It must retain EC World REIT's assets, or cause EC World REIT's assets to be retained, in safe custody and cause EC World REIT's accounts to be audited. Pursuant to the Trust Deed, it can appoint any custodian, joint-custodian or sub-custodian (including, without limitation, any Related Party of the Trustee) in relation to the whole or any part of EC World REIT's assets. It can appoint valuers to value the real estate assets and real estate-related assets of EC World REIT.

The Trustee is not personally liable to a Unitholder in connection with the office of the Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the Trust Deed or breach of trust. Any liability incurred and any indemnity to be given by the Trustee shall be limited to the assets of EC World REIT over which the Trustee has recourse, provided that the Trustee has acted without fraud, gross negligence, wilful default or breach of the Trust Deed. The Trust Deed contains certain indemnities in favour of the Trustee under which it will be indemnified out of the assets of EC World REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to the applicable laws and regulations in force from time to time.

Retirement and Replacement

The Trustee may retire or be replaced under the following circumstances:

- The Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the Trust Deed).

- The Trustee may be removed by notice in writing to the Trustee by the Manager:

  – if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee;

  – if the Trustee ceases to carry on business;

  – if the Trustee fails or neglects after reasonable notice from the Manager to carry out or satisfy any material obligation imposed on the Trustee by the Trust Deed;

  – if the Holders by Extraordinary Resolution duly passed at a meeting of Holders held in accordance with the provisions contained in Schedule 1 and of which not less than 21 days' notice has been given to the Trustee and the Manager shall so decide; or

  – if the MAS directs that the Trustee be removed.

Trustee's Fee

The Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$12,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee's fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed.

The actual fee payable within the permitted limit will be determined between the Manager and the Trustee from time to time. The Trustee will also be paid a one-time inception fee as may be agreed between the Trustee and the Manager, subject to a maximum of S$60,000.

TERMINATION OF EC WORLD REIT

Under the provisions of the Trust Deed, the duration of EC World REIT shall end on the earliest of:

- the date on which EC World REIT is terminated by the Manager in such circumstances as set out under the provisions of the Trust Deed as described below; or

- the date on which EC World REIT is terminated by the Trustee in such circumstances as set out under the provisions of the Trust Deed as described below.

The Manager may in its absolute discretion terminate EC World REIT by giving notice in writing thereof to all Holders or (as the case may be) the Depository (in respect of the Depositors), as well as to the Trustee not less than three months in advance of the termination and to the Authority not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue EC World REIT;

- if the NAV of the Deposited Property shall be less than S$50.0 million after the end of the first anniversary of the date of the Trust Deed or any time thereafter; and

- if at any time EC World REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable law or regulation, EC World REIT may be terminated by the Trustee by notice in writing in any of the following circumstances:

- if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the Trustee fails to appoint a successor manager in accordance with the provisions of the Trust Deed;

- if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue EC World REIT; and

- if within the period of three months from the date of the Trustee expressing in writing to the Manager the desire to retire, the Manager shall have failed to appoint a new trustee in accordance with the provisions of the Trust Deed.

The Trustee's decision in any of the events specified above shall be final and binding upon all the parties concerned but the Trustee shall be under no liability on account of any failure to terminate EC World REIT pursuant to the paragraph above or otherwise. The Manager shall accept the Trustee's decision and relieve the Trustee of any liability to it and hold it harmless from any claims whatsoever on its part for damages or for any other relief.

Generally, upon the termination of EC World REIT, the Trustee shall, subject to any authorisations or directions given to it by the Manager or the Unitholders pursuant to the Trust Deed, sell the Deposited Property and repay any borrowings incurred on behalf of EC World REIT in accordance with the Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of EC World REIT before distributing the balance of the Deposited Property to the Unitholders in accordance with their proportionate interests in EC World REIT.

CERTAIN AGREEMENTS RELATING TO EC WORLD REAL ESTATE INVESTMENT TRUST AND THE PROPERTIES

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of EC World REIT. The agreements are available for inspection at the registered office of the Manager at 8 Shenton Way, #37-03, AXA Tower, Singapore 068811 (prior appointment would be appreciated).

SPONSOR RIGHT OF FIRST REFUSAL

The Sponsor has on 30 June 2016 granted a right of first refusal (the "**Sponsor ROFR**") to the Trustee for so long as:

- EC World REIT is listed and quoted on the Main Board of the SGX-ST;
- EC World Asset Management Pte. Ltd. or any of its related corporations remains the manager of EC World REIT; and
- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of EC World REIT.

(the "**Sponsor ROFR Period**").

For the purposes of the Sponsor ROFR:

- a "**controlling unitholder**" in relation to a real estate investment trust means a person who:
  - holds directly or indirectly 15.0% or more of the total number of issued units in the real estate investment trust; or
  - in fact exercises control over the real estate investment trust;
- a "**related corporation**" shall have the same meaning as its definition in the Companies Act, Chapter 50 of Singapore (the "**Companies Act**");
- a "**Relevant Entity**" means the Sponsor or any of its existing or future subsidiaries (the "**Sponsor Group**") or future private funds managed by the Sponsor, and where such subsidiaries are not wholly-owned by the Sponsor or where the interests in such private funds are not wholly-owned by the Sponsor and their other shareholder(s) or private fund investors(s) is/are third parties (*i.e.* not members of the Sponsor Group), such subsidiaries or private funds will be subject to the Sponsor ROFR only upon obtaining the consent of such third parties, and in this respect, the Sponsor shall use its best endeavours to obtain such consent;
- a "**Relevant Asset**" means any income-producing real estate worldwide which is used primarily for e-commerce, supply-chain management and logistics purposes. Where such income-producing real estate is held by a Relevant Entity through a special purpose company, vehicle or entity (an "**SPV**") established solely to own such real estate, the term "**Relevant Asset**" shall refer to the shares or equity interests, as the case may be, in that SPV; and
- a "**subsidiary**" shall have the meaning as its definition in the Companies Act.

The Sponsor ROFR shall cover any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity ("**Sponsor Proposed Disposal**"). If the Relevant Asset is owned jointly by a Relevant Entity together with one or more third parties and the consent of any of such third parties is required for the Relevant Asset to be offered to EC World REIT or its subsidiaries, the Sponsor shall use its best endeavours to obtain the consent of the relevant third party or parties, failing which the Sponsor ROFR shall not apply to the disposal of such Relevant Asset.

For the avoidance of doubt, the grant by any Relevant Entity of a lease (including a long-term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Sponsor Proposed Disposal for the purposes of this paragraph. The Sponsor shall issue a written notice to the Trustee in relation to a Sponsor Proposed Disposal ("**Offer Notice**"), which shall serve as an offer to sell the interest in the Relevant Asset to the Trustee, which is the subject of the Sponsor Proposed Disposal, (the "**Subject Asset**") on the terms and conditions as set out in the Offer Notice (the "**Sponsor Offer**").

Upon receipt of an Offer Notice, the Trustee shall have 60 calendar days (or such other period as the parties may agree in writing) to give a written notice of its acceptance ("**Acceptance Notice**") of all the terms and conditions of the Sponsor Offer, failing which the Trustee shall be deemed to have declined to accept the Sponsor Offer. For the avoidance of doubt, if the Acceptance Notice contains any material variation from the terms and conditions of the Offer Notice (including any additional terms and conditions), the Sponsor shall have 14 business days to give a written notice notifying the Trustee of the material variations and stipulating the reasons for deeming such variations to be material ("**Variation Notice**"), failing which the Sponsor shall be deemed to accept that no material variations were made. Upon receipt of a Variation Notice from the Sponsor, the Trustee and the Sponsor shall have five business days (or such other period as the parties may agree in writing) to enter into and carry out discussions in good faith with each other to ascertain the materiality of such variation. Pursuant to the ascertainment of such material variation, the Sponsor may at its discretion but is not obliged to, regard such Acceptance Notice as a rejection of the Offer Notice by the Trustee.

Upon receipt of the Acceptance Notice from the Trustee, the Sponsor (or a Relevant Entity) and the Trustee shall enter into and carry out negotiations in good faith with each other with a view to entering into a binding definitive agreement for the sale and purchase of the Relevant Asset ("**Definitive Agreement**") within 60 calendar days (or such other period as the parties may agree) ("**Negotiation Period**") after receipt of such Acceptance Notice. If the parties come to an agreement on the Sponsor Proposed Disposal, they shall enter into a Definitive Agreement on such terms and conditions as they may agree prior to the expiry of the Negotiation Period. Notwithstanding the transfer restrictions on the Relevant Assets as set out herein, any Relevant Entity shall be entitled to solicit offers from any third party for a Sponsor Proposed Disposal of a Relevant Asset at any time provided that the Relevant Entity shall not enter into any binding agreement with any third party unless the Trustee has failed to accept the Sponsor Offer.

The Sponsor ROFR shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;

- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders of the Relevant Entity as may be provided in any shareholders agreement; and

- be subject to the applicable laws, regulations, government policies, the listing rules of the SGX-ST and any other approval required from any regulatory bodies.

In the event that:

(i) the Trustee indicates in writing to the Relevant Entity that EC World REIT or its subsidiary shall not be purchasing the Relevant Asset or does not give an Acceptance Notice within the prescribed period;

(ii) the Trustee gives an Acceptance Notice that contains any material variation from the terms and conditions as set out in the Offer Notice, and such Acceptance Notice is regarded by the Sponsor as a rejection of the Sponsor Offer by the Trustee, and the Trustee has not provided a fresh Acceptance Notice to the Sponsor within the prescribed period;

(iii) the Trustee accepts the Sponsor Offer but the parties do not enter into a Definitive Agreement within the Negotiation Period; or

(iv) the Trustee accepts the Sponsor Offer and the parties enter into a Definitive Agreement but the Sponsor Proposed Disposal is not completed within the timeframe as set out in the Definitive Agreement (or such other period as the parties may agree in writing) solely for any reason attributable to, due to or arising from EC World REIT and/or the Trustee,

the Trustee shall be deemed not to have exercised the Sponsor ROFR and the Relevant Entity shall be entitled to dispose its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the Trustee, provided that if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within:

(a) in the case of paragraph (i) above, 12 months from the date upon which the Trustee declines or is deemed to have declined the Sponsor Offer;

(b) in the case of paragraph (ii) above, 12 months from the date of receipt by the Sponsor of the Acceptance Notice;

(c) in the case of paragraph (iii) above, 12 months from the date of expiry of the Negotiation Period; or

(d) in the case of paragraph (iv) above, 12 months from the expiry of the completion period referred to in paragraph (iv),

any proposal to dispose of such Relevant Asset after the aforesaid applicable period shall then remain subject to the Sponsor ROFR.

The Sponsor undertakes that, at any time on or after the date the units in EC World REIT are first listed on the SGX-ST and during the Sponsor ROFR Period, if a Relevant Entity jointly invests in a Relevant Asset with one or more third parties in which the Sponsor (a) holds at least a simple majority of the total equity interest and/or (b) controls at least a majority in number of the board of directors, regardless of whether such third parties are part of the Sponsor Group, the Sponsor shall procure such third party to waive any overriding pre-emptive right (including but not limited to the pre-emptive right pursuant to Article 71 of the Company Law of the People's Republic of China (2013 Revision)[1]) which such third party may have over the Relevant Entity's interest in the Relevant Asset in relation to a proposed disposal to EC World REIT.

---

1 See "Overview of Relevant Laws and Regulations in the People's Republic of China – PRC Company Law" for further details on the implications of Article 71 of the PRC Company Law (2013 Revision).

ZGB RIGHT OF FIRST REFUSAL

Mr Zhang Guobiao (the "**Individual**") has on 30 June 2016 agreed to grant and procure that the Zhang Group grants a right of first refusal (the "**ZGB ROFR**") to the Trustee for so long as:

- EC World REIT is listed and quoted on the Main Board of the SGX-ST;
- EC World Asset Management Pte. Ltd. or any of its related corporations remains the Manager;
- the Individual and/or any of his immediate family members, and/or any of the corporations in which they directly or indirectly own more than 50%, alone or in aggregate, remain as a controlling shareholder of the Manager; and
- the Individual and/or any of his immediate family members, and/or any of the corporations in which they directly or indirectly own more than 50%, alone or in aggregate, remain as a controlling unitholder of EC World REIT.

(the "**ZGB ROFR Period**").

For the purposes of the ZGB ROFR:

- "**control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.
- a "**controlling shareholder**" means a person who (i) holds directly or indirectly 15.0% or more of the total number of issued shares of the company or (ii) in fact exercises control over the company;
- a "**controlling unitholder**" in relation to a real estate investment trust means a person who:
  - holds directly or indirectly 15.0% or more of the total number of issued units in the real estate investment trust; or
  - in fact exercises control over the real estate investment trust;
- a "**related corporation**" shall have the same meaning as its definition in the Companies Act;
- a "**Relevant Asset**" means any income-producing real estate worldwide which is used primarily for e-commerce, supply-chain management and logistics purposes. Where such income-producing real estate is held by a Zhang Group Entity through a special purpose company, vehicle or entity (an "**SPV**") established solely to own such real estate, the term "**Relevant Asset**" shall refer to the shares or equity interests, as the case may be, in that SPV;
- a "**subsidiary**" shall have the meaning as its definition in the Companies Act;
- the "**Zhang Group**" refers to the existing or future companies and entities which are controlled by the Individual (which shall exclude any company or entity listed on any recognised stock exchange);
- a "**Zhang Group Entity**" means an entity within the Zhang Group or a Zhang Private Fund, and where such corporations are not wholly-owned by the Individual or where the interests in such private funds are not wholly-owned by the Individual and their other shareholder(s) or private fund investor(s) is/are third parties (i.e. not members of the Zhang Group), such

corporations or private funds will be subject to the ZGB ROFR only upon obtaining the consent of such third parties, and in this respect, the Individual shall use his best endeavours to obtain such consent; and

- "**Zhang Private Funds**" means private funds managed by the Individual.

The ZGB ROFR shall cover any proposed offer by a Zhang Group Entity to dispose of any interest in any Relevant Asset which is owned by the Zhang Group Entity ("**ZGB Proposed Disposal**"). If the Relevant Asset is owned jointly by a Zhang Group Entity together with one or more third parties and the consent of any of such third parties is required for the Relevant Asset to be offered to EC World REIT or its subsidiaries, the Individual shall use his best endeavours to obtain the consent of the relevant third party or parties, failing which the ZGB ROFR shall not apply to the disposal of such Relevant Asset.

For the avoidance of doubt, the grant by any Zhang Group Entity of a lease (including a long-term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a ZGB Proposed Disposal for the purposes of this paragraph. The Individual shall issue a written notice to the Trustee in relation to a ZGB Proposed Disposal ("**Offer Notice**"), which shall serve as an offer to sell the interest in the Relevant Asset to the Trustee, which is the subject of the ZGB Proposed Disposal (the "**Subject Asset**") on the terms and conditions as set out in the Offer Notice (the "**Individual Offer**").

Upon receipt of an Offer Notice, the Trustee shall have 60 calendar days (or such other period as the parties may agree in writing) to give a written notice of its acceptance ("**Acceptance Notice**") of all the terms and conditions of the Individual Offer, to the Individual, failing which the Trustee shall be deemed to have declined to accept the Individual Offer. For the avoidance of doubt, if the Acceptance Notice contains any material variation from the terms and conditions of the Offer Notice (including any additional terms and conditions), the Individual shall have 14 business days to give a written notice notifying the Trustee of the material variations and stipulating the reasons for deeming such variations to be material ("**Variation Notice**"), failing which the Individual shall be deemed to accept that no material variations were made. Upon receipt of a Variation Notice from the Individual, the Trustee and the Individual shall have five business days (or such other period as the parties may agree in writing) to enter into and carry out discussions in good faith with each other to ascertain the materiality of such variation. Pursuant to the ascertainment of such material variation, the Individual may at his discretion but is not obliged to, regard such Acceptance Notice as a rejection of the Offer Notice by the Trustee.

Upon receipt of the Acceptance Notice from the Trustee, the Individual (or a Zhang Group Entity) and the Trustee shall enter into and carry out negotiations in good faith with each other with a view to entering into a binding definitive agreement for the sale and purchase of the Relevant Asset ("**Definitive Agreement**") within 60 calendar days (or such other period as the parties may agree) ("**Negotiation Period**") after receipt of such Acceptance Notice. If the parties come to an agreement on the ZGB Proposed Disposal, they shall enter into a Definitive Agreement on such terms and conditions as they may agree prior to the expiry of the Negotiation Period. Notwithstanding the transfer restrictions on the Relevant Assets as set out herein, any Zhang Group Entity shall be entitled to solicit offers from any third party for a ZGB Proposed Disposal of a Relevant Asset at any time provided that the Zhang Group Entity shall not enter into any binding agreement with any third party unless the Trustee has failed to accept the Individual Offer.

The ZGB ROFR shall:

- be subject to any prior overriding contractual obligations which the Zhang Group Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;

- exclude the disposal of any interest in the Relevant Assets by a Zhang Group Entity to a related corporation of such Zhang Group Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Zhang Group Entity between the shareholders of the Zhang Group Entity as may be provided in any shareholders' agreement; and

- be subject to the applicable laws, regulations, government policies, the listing rules of the SGX-ST and any other approval required from any regulatory bodies.

In the event that:

(i) the Trustee indicates in writing to the Zhang Group Entity that EC World REIT or its subsidiary shall not be purchasing the Relevant Asset or does not give an Acceptance Notice within the prescribed period;

(ii) the Trustee gives an Acceptance Notice that contains any material variation from the terms and conditions as set out in the Offer Notice, and such Acceptance Notice is regarded by the Individual as a rejection of the Individual Offer by the Trustee, and the Trustee has not provided a fresh Acceptance Notice to the Individual, in each case pursuant to the prescribed period(s);

(iii) the Trustee accepts the Individual Offer but the parties do not enter into a Definitive Agreement within the Negotiation Period; or

(iv) the Trustee accepts the Individual Offer and the parties enter into a Definitive Agreement but the ZGB Proposed Disposal is not completed within the timeframe as set out in the Definitive Agreement (or such other period as the parties may agree in writing) solely for any reason attributable to, due to or arising from EC World REIT and/or the Trustee,

the Trustee shall be deemed not to have exercised the ZGB ROFR and the Zhang Group Entity shall be entitled to dispose its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Zhang Group Entity to the Trustee, provided that if the completion of the disposal of the Relevant Assets by the Zhang Group Entity does not occur within:

(a) in the case of paragraph (i) above, 12 months from the date upon which the Trustee declines or is deemed to have declined the Individual Offer;

(b) in the case of paragraph (ii) above, 12 months from the date of receipt by the Individual of the Acceptance Notice;

(c) in the case of paragraph (iii) above, 12 months from the date of expiry of the Negotiation Period; or

(d) in the case of paragraph (iv) above, 12 months from the expiry of the completion period referred to in paragraph (iv),

any proposal to dispose of such Relevant Asset after the aforesaid applicable period shall then remain subject to the ZGB ROFR.

The Individual undertakes that, at any time on or after the date the units in EC World REIT are first listed on the SGX-ST and during the ZGB ROFR Period, if a Zhang Group Entity jointly invests in a Relevant Asset with one or more third parties in which the Individual (a) holds at least a simple majority of the total equity interest and/or (b) controls at least a majority in number of the board of directors, regardless of whether such third parties are part of the Zhang Group, the Individual

shall procure such third party to waive any overriding pre-emptive right (including but not limited to the pre-emptive right pursuant to Article 71 of the Company Law of the People's Republic of China (2013 Revision)[1]) which such third party may have over the Zhang Group Entity's interest in the Relevant Asset in relation to a proposed disposal to EC World REIT.

MASTER LEASE AGREEMENTS

Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse shall be master leased to the Sponsor and its subsidiaries (collectively, the "**Master Leases**" and each a "**Master Lease**"). In this regard, the Sponsor, Hangzhou Fu Gang Supply Chain Co., Ltd and Hangzhou Fuyang Yunton E-Commerce Co., Ltd. (collectively, the "**Master Lessees**" and each a "**Master Lessee**") entered into master lease agreements (collectively, the "**Master Lease Agreements**" and each a "**Master Lease Agreement**") separately with Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., and Hangzhou Fu Heng Warehouse Co., Ltd. (the collectively, the "**Master Lessors**" and each a "**Master Lessor**") on 30 June 2016.

Hangzhou Fu Gang Supply Chain Co., Ltd., the Master Lessee of Chongxian Port Investment, is a professional provider of supply chain solutions focusing on the steel materials market. The supply chain services provided by the company include: loading, unloading, warehousing and delivery of steel products; supervision of steel products futures; warehouse receipts pledge; centralised purchasing and sales promotion. Hangzhou Fuyang Yunton E-Commerce Co., Ltd., the Master Lessee of Fu Heng Warehouse, is a provider of third party warehousing services and an operator of integrated logistics services for e-commerce activities.

Under each of the Master Lease Agreements, the Master Lessors, as owner of Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse, lease to the Master Lessees, the relevant property together with the fixtures and furnishings (collectively, the "**Leased Properties**" and each a "**Leased Property**").

Term of the Master Leases

The key terms of the Master Leases are set out below:

Property	Master Lessee	Commencement Date	Term of Master Lease	Monthly Rental in Forecast Period 2016 (Inclusive of VAT)	Rental Escalation
Chongxian Port Investment	Hangzhou Fu Gang Supply Chain Co., Ltd.	1 January 2016	5 years	RMB11,409,687	6.0%, 5.0%, 4.0% and 3.0% for 2017, 2018, 2019 and 2020 respectively from every January
Stage 1 Properties of Bei Gang Logistics	The Sponsor	1 November 2015	5 years (ending 31 October 2020)	RMB10,300,000	1.0% per annum from 2017

1 See "Overview of Relevant Laws and Regulations in the People's Republic of China – PRC Company Law" for further details on the implications of Article 71 of the PRC Company Law (2013 Revision).

Property	Master Lessee	Commencement Date	Term of Master Lease	Monthly Rental in Forecast Period 2016 (Inclusive of VAT)	Rental Escalation
Fu Heng Warehouse	Hangzhou Fuyang Yunton E-Commerce Co., Ltd.	1 January 2016	5 years	RMB3,429,118	6.0%, 5.0%, 4.0% and 3.0% for 2017, 2018, 2019 and 2020 respectively from every January

The Master Lessee has an option to renew the Master Lease six months prior to the termination date of the respective Master Lease Agreement. The terms and conditions relevant to the renewal of the Master Lease shall be negotiated and agreed by both parties no later than three months prior to the termination date of the respective Master Lease Agreement. The rental payable under the renewed Master Lease shall be negotiated and agreed by both parties at the time of renewal.

Rental Fee Payable under the Master Leases

Hangzhou Fu Gang Supply Chain Co., Ltd. shall pay a monthly rental fee of RMB11,409,687 in 2016. Hangzhou Fuyang Yunton E-Commerce Co., Ltd shall pay a monthly rental fee of RMB3,429,118 in 2016. The Sponsor shall pay a monthly rental fee of RMB10,300,000 in November 2015 and December 2015 and in 2016. For the Master Lease for Chongxian Port Investment and Fu Heng Warehouse, there is a rental escalation of 6.0%, 5.0%, 4.0% and 3.0% for 2017, 2018, 2019 and 2020 respectively. For the Master Lease for Bei Gang Logistics, there is a rental escalation of 1.0% per annum from 2017. The Master Lessee is required to make a prepayment of the amount of one month's rental fee.

In relation to the Master Lease between Hangzhou Bei Gang Logistics Co., Ltd. and the Sponsor, the Sponsor is obliged to pay the amount[1] upon due dates indicated on in the Master Lease Agreement as follows:

- for November and December of 2015: RMB10,300,000 per month.
- for the months of 2016: RMB10,300,000 per month;
- for the months of 2017: RMB10,403,000 per month;
- for the months of 2018: RMB10,507,030 per month;
- for the months of 2019: RMB10,612,100 per month; and
- for the months of 2020: RMB10,718,221 per month.

In relation to the Master Lease between Hangzhou Chongxian Port Investment Co., Ltd. and Hangzhou Fu Gang Supply Chain Co., Ltd, Hangzhou Fu Gang Supply Chain Co., Ltd is obliged to pay the amount[1], upon due dates indicated on in the Master Lease Agreement as follows:

- for the months of 2016: RMB11,409,687 per month;
- for the months of 2017: RMB12,094,268 per month;

1 Such amount is inclusive of VAT.

- for the months of 2018: RMB12,698,981 per month;
- for the months of 2019: RMB13,206,941 per month; and
- for the months of 2020: RMB13,603,149 per month.

In relation to the Master Lease between Hangzhou Fu Heng Warehouse Co., Ltd. and Hangzhou Fuyang Yunton E-Commerce Co., Ltd, Hangzhou Fuyang Yunton E-Commerce Co., Ltd is obliged to pay the amount[1] upon due dates indicated on in the Master Lease Agreement as follows:

- for the months of 2016: RMB3,429,118 per month;
- for the months of 2017: RMB3,634,865 per month;
- for the months of 2018: RMB3,816,608 per month;
- for the months of 2019: RMB3,969,272 per month; and
- for the months of 2020: RMB4,088,350 per month.

The amount of rental fee calculated according to the floorage of the property shall not be adjusted without the mutual consent of the Master Lessor and the Master Lessee.

Security Deposit Payable under the Master Leases

The Master Lessee shall also pay a security deposit equivalent to the sum of one month's rental fee, where such security deposit shall be increased to the equivalent of 12 months' rental fee (in cash or bank guarantee) (the "**12-month Amount**") upon the listing of EC World REIT.

If the Master Lessee wishes to provide a banker's guarantee in lieu of cash payment for the security deposit payable under the Master Lease Agreement, the Master Lessee shall ensure that the banker's guarantee is furnished for the security deposit payable under the Master Lease Agreement subject to the following terms and conditions:

- such banker's guarantee shall be irrevocable and unconditional, issued by a financial institution with an "investment grade" credit rating;
- such banker's guarantee shall be for an amount equivalent to the security deposit payable under the Master Lease Agreement and if from time to time during the leasing term, the rental fee is increased in accordance with the Master Lease Agreement, the difference shall be immediately paid by the Lessee by way of a fresh banker's guarantee in favour of the Master Lessee which complies with the terms of the Master Lease Agreement; and
- such banker's guarantee will be renewed at least a year prior to its expiration and the last banker's guarantee (a) shall expire on a date falling 3 months after the expiration of the leasing term, and (b) shall have a claim period of at least 3 months (or such other period as the Master Lessor may agree to) after the date of expiry of such banker's guarantee.

The Master Lessor may deduct part or all of the security deposit to indemnify the losses of the Master Lessor which are caused by the Master Lessee's breach of the Master Lease Agreement, non-performance or incomplete performance of the Master Lease Agreement. When the security deposit is lesser than of the 12-month Amount upon the listing of EC World REIT as stipulated in

1 Such amount is inclusive of VAT.

the Master Lease Agreement, the Master Lessee shall deposit monies equivalent to the amount deducted earlier, within seven working days from the date of its receipt of the written notice from the Master Lessor, so as to maintain the amount of security deposit at the 12-month Amount.

Maintenance and Repair Fee Payable under the Master Leases

Subject to the Master Lessor's consent, the Master Lessee may enter into a sub-lease agreement to sub-lease any part of the leased property to other tenant (the "**End-tenant**"). The Master Lessor and the Master Lessee agreed that the End-tenant shall pay the maintenance and repair fee for the services including security, clean-keeping, general maintenance of public space, etc., which shall be calculated based on the floorage of the property stipulated in such sub-lease agreement (the "**Property Management Fee**"). The Master Lessor covenants that the level of the Property Management Fee shall be as follows:

(1) the Property Management Fee shall not exceed RMB6 per sq m for each month in the first three years since the commencement of the sub-lease agreement; and

(2) the escalation of the Property Management Fee shall not exceed 5% per annum in the fourth and fifth year of the sub-lease term.

Rights and Obligations of the Master Lessors and the Master Lessees

The Master Lessor will designate a property management agency that will implement the management function and fulfill management obligation on behalf of the Master Lessor. The property management agency shall be the property manager of the Leased Property, Yuntong Property Management Co., Ltd. (the "**Property Manager**").

The Master Lessor's rights and obligations include the following:

- to pay the land use fee relevant to the Leased Property and the building property tax;
- to maintain and procure the maintenance of the roof and major structural parts of the Leased Property in good condition;
- to provide 24-hour security service in the common areas of the Leased Property, and to be responsible for the repairing structural defects, installing facilities and maintaining common area/public territory of the Leased Property;
- to maintain all elevators, escalators, fire and security service equipment, air conditioning and other equipment in proper working order;
- to provide directory boards which correspond to the Master Lessee's floors and units with End-tenant's titles in standard font and character;
- to provide air-conditioning service;
- the right to benefit from the facade and roof of the Leased Property, and to erect, arrange, repair, dismantle and replace all signboards, notice-boards, billboard and advertisement device located in any parts of the Leased Property exclusively;
- the right to use the trade name, logo and/or trademark of the master lessee in advertisement or other promotional materials;
- the right to redesign and construct the common areas/public territory of the building of the Leased Property; and

- to terminate its services should the Master Lessee fail to pay the rental fee for more than seven days, and to terminate the Master Lease Agreement if the charges are outstanding for more than seven days.

The Master Lessee's rights and obligations include the following:

- to sub-lease any part of the Leased Property to end-tenants subject to the Master Lessor's consent;

- to pay the rental fee in accordance with the time, amount and payment mode stipulated;

- to comply with the tenant's handbook and the fitting-out handbook as formulated and amended at any time by the Master Lessor for the Leased Property;

- to keep all the interior non-structural parts of the Leased Property in good, clean and leasable condition and the property properly maintained at the Master Lessee's own cost;

- to be solely liable for indemnifying the Master Lessor any losses or damages caused in the Leased Property, and liable to any losses, damages, injuries or deaths caused to any person or property caused by fire, bombing, flooding and/or smoke etc., or caused through the acts, or negligence of the master lessee or its affiliated person. The Master Lessee shall be legally liable to the Master Lessor or the Property Manager and indemnify the Master Lessor or the Property Manager;

- to hold accountable for all the expenses incurred and indemnify any economic losses suffered by the Master Lessor as a result of the Master Lessee's inaction or delay in fixing the problem;

- to be responsible for the task of securing the Leased Property, and shall bear all the expenses incurred in that respect; and

- to follow the procedures of returning the Leased Property to the Master Lessor on the expiration date or the date of early termination of the Master Lease Agreement.

Termination of the Master Leases

The Master Lease Agreement can be unilaterally terminated in the following circumstances:

- the Master Lessee is entitled to terminate the agreement unilaterally upon a written notice to the Master Lessor if the Master Lessor sells the property to a third party; and

- the Master Lessor is entitled to terminate the agreement unilaterally if the Master Lessee delays the payment of rental fee, the Property Management Fee or other charges for seven days.

The Master Lease Agreement can be terminated by mutual consent under one of the following circumstances, and both parties will not be held responsible towards each other:

- the land-use right of the land occupied by the Leased Property is withdrawn in accordance with the law ahead of time;

- condemnation, levying, or removal of land due to public interests or urban construction in accordance with the law; and

- damage or loss of the property not attributable to the fault of either party or being identified as dangerous building.

The Master Lessor has the right to terminate the Master Lease Agreement unilaterally, to confiscate the security deposit and to require compensation from the Master Lessee according to the terms of the Master Lease Agreement under one of the following circumstances:

- the main body structure of the Leased Property damaged due to the reason attributed to the Master Lessee;

- the Master Lessee violates the provisions of the Master Lease Agreement and fails to correct within the specified period after being notified by writing from the Master Lessor;

- the Master Lessee uses the Leased Property for illegal activities and receives punishment from relevant governmental departments or judiciary;

- if the Master Lessee initiates bankruptcy proceedings, dissolves or goes into liquidation, or if the Master Lessee becomes insolvent, makes arrangements with the obligee or suffers any legal execution to be imposed on the Leased Property; and

- if the Master Lessee breaches the law or the agreement under other circumstances and the Master Lessor has the right to terminate the Master Lease Agreement based on relevant provisions of laws.

The Master Lessor shall return the security deposit to the Master Lessee when the Master Lease Agreement is terminated due to expiration or mutual agreement between the parties.

On the date of early termination of the Master Lease Agreement, the Master Lessee shall follow procedures of returning the Leased Property to the Master Lessor and reinstate the Leased Property. Should the Master Lessee fail to return the Leased Property in accordance with the Master Lease Agreement upon the termination date (or early termination date), the Master Lessee shall be required to pay double the amount of the regular rental fee (based on the level of the rental fee at such date) and be responsible for such other charges until the Master Lessee returns the Leased Property in accordance with the Master Lease Agreement.

CORPORATE GUARANTEES

The Sponsor has granted a corporate guarantee to each of Hangzhou Chongxian Port Investment Co., Ltd. and Hangzhou Fu Heng Warehouse Co., Ltd. in relation to each of the relevant Master Leases.

Terms of the Guarantee

Under each corporate guarantee, the Sponsor as guarantor made the following guarantees on the basis of and limited to the Master Lessee's obligation under the relevant Master Lease Agreement, where it shall:

- unconditionally and irrevocably guarantee, as a continuing guarantee, to the Master Lessor that the Master Lessee shall punctually pay the rent and all other sums reserved by the Master Lease Agreement and observe and perform the covenants, terms and conditions of the Master Lease Agreement; and

- unconditionally and irrevocably undertake and agree that, if at any time, the master lessee defaults in:

  - payment of the rent or other sums payable under the Master Lease Agreement; or

  - observance or performance of any of the covenants, terms or conditions of the Master Lease Agreement,

  the guarantor shall pay the rent and other sums payable under the Master Lease Agreement and (in the case of any failure by the Master Lessee in the observance or performance of any of the covenants, terms or conditions of the Master Lease Agreement) the guarantor shall forthwith upon the Master Lessor's demand perform (or procure performance of) any covenant, term or condition of the Master Lease Agreement which the Master Lessee has defaulted in observing or performing and make good to the Master Lessor on demand and indemnify the Master Lessor against all losses, damages, costs and expenses arising out of or in connection with any such non-payment, non-performance or non-observance.

Continuing Obligations

The obligations and liability of the guarantor under the corporate guarantee are continuing obligations that shall not be abrogated, prejudiced, affected or discharged (either in whole or in part) by the following:

- any time, credit, concession, indulgence, waiver or consent at any time given to the Master Lessee or to any other person;

- any amendment, alteration, modification or addition to any provision of the Master Lease Agreement, or any security, guarantee, indemnity, right, remedy or lien with prior confirmation of the guarantor;

- the making or absence of any demand on the Master Lessee, the guarantor or any other person for payment;

- the enforcement or absence of enforcement (including any neglect or forbearance of enforcement) of the Master Lease Agreement, or any security, guarantee, indemnity, right, remedy or lien;

- the taking, existence or release of any agreement, security, guarantee, indemnity, right, remedy or lien;

- the insolvency, insanity, death, dissolution, winding-up, amalgamation, reconstruction, or reorganisation of the Master Lessee, the guarantor or any other person (or the commencement of any of the foregoing);

- the illegality, invalidity or unenforceability of or any defect in any provision of the master lease agreement, or any security, guarantee, indemnity, right, remedy or lien (or any of the obligations of the Master Lessee, or the guarantor or any other party thereunder); and

- the change in control of the Master Lessee (which shall mean any change in the ownership of more than 50.0% of the issued capital stock of the Master Lessee in one or more related transactions).

The obligations of the guarantor under the corporate guarantee shall be irrevocable and remain in full force and effect by way of continuing security until the due and proper and complete performance of all the obligations of the Master Lessee under the Master Lease Agreement, provided always that the obligations of the guarantor under the guarantee shall cease and expire upon the termination of the Master Lease Agreement.

Obligations of Guarantor

The obligations of the guarantor under the corporate guarantee are deemed to be obligations of a principal obligor and not merely a surety. The obligations of the guarantor shall:

- extend to all losses occasioned to the Master Lessor as a result of any breach of the obligations of the Master Lessee under the Master Lease Agreement including losses occasioned as a result of any determination of the interests created by the Master Lease Agreement for reasons of such breach in accordance with the Master Lessor's power to so determine given by the Master Lease Agreement;

- extend to all obligations of the Master Lessee to the Master Lessor arising out of or in consequence of the termination of the Master Lease Agreement; and

- continue during the term granted pursuant to any option to renew, any holding over of properties in question by the Master Lessee (whether pursuant to a holding over clause contained in the master lease agreement or otherwise) and without limiting its extent in the absence of this extension, for as long as the Master Lessee or any person holding by, through or under the Master Lessee may remain in possession of the properties.

UNDERTAKINGS IN RELATION TO THE MASTER LEASES

The Manager has undertaken to the SGX-ST that it will:

(i) procure an undertaking from the Sponsor, which is one of Master Lessees and the guarantor for the corporate guarantees for the other two Master Leases, whereby the Sponsor will:

   (a) immediately inform the Trustee and the Manager of any matter which has a material adverse impact on its ability to act as the Master Lessee and the guarantor of the two corporate guarantees (including events affecting its creditworthiness);

   (b) not unilaterally novate or assign its Master Lease (or procure the novation or assignment of the other two Master Leases) to any other party and will inform the Trustee and the Manager of any changes to the Master Lease arrangements (including any proposed novation or assignment); and

   (c) ensure that where a banker's guarantee is furnished for the security deposit payable under the Master Leases, such banker's guarantee is issued by a financial institution with an "investment grade" credit rating and the banker's guarantee will be renewed at least a year prior to its expiration,

(ii) provide updates in EC World REIT's annual reports regarding the status of the Master Leases so for so long as they are in place, including whether a statement as to whether the assumptions underlying the Master Leases have been achieved and/or remain valid. If the original assumptions have not been achieved and/or no longer remain valid, the Manager will set out an explanation in the annual report on the implications of the foregoing;

(iii) ensure that the Board and ARC are satisfied, on an annual basis, that the security deposits for the Master Leases:

(a) (where they are in the form of cash and have not been utilised by EC World REIT) are deposited with financial institution(s) with an "investment grade" credit rating; and/or

(b) (where they are in the form of banker's guarantees) are issued by financial institution(s) with an "investment grade" credit rating.

Where there are changes to the financial and/or credit standing of the aforementioned financial institutions (determined based on the publicly available information vis-à-vis such financial institutions), the Board and ARC must be satisfied that the standing of the banker's guarantee has not diminished as a result of such change.

(iv) announce the impending expiry of the Master Leases at least a year prior to their stated expiry date;

(v) provide information on the status of the Master Leases in EC World REIT's full year financial results and annual reports (including the amount of rental received under the Master Leases, the remaining term of the Master Leases and where relevant (and based on publicly available information), the financial standing of (a) the financial institution with whom the security deposit is placed and/or (b) the financial institution which has issued the banker's guarantee for the security deposit);

(vi) before the beginning of each financial year, submit to the Audit and Risk Committee for review and approval, the Manager's plans for the proposed utilisation of the security deposits in the upcoming financial year and assess EC World REIT's ability to repay the security deposits at the end of the term of the Master Leases. If there are any changes to the Manager's plans for the proposed utilisation of the security deposits thereafter, the Manager shall update the Audit and Risk Committee and seek its approval accordingly;

(vii) disclose in EC World REIT's annual reports (a) the details of EC World REIT's utilisation of the security deposits and (b) the Manager's opinion on EC World REIT's ability to repay the security deposits at the end of the term of the Master Leases;

(viii) make an immediate announcement if any of the Master Lease are terminated prior to their stated expiry date; and

(ix) ensure that the Audit and Risk Committee's terms of reference includes oversight over the performance of the undertakings provided in paragraphs (i) to (viii) above.

CALL OPTION AGREEMENT

As stated in "Business and Properties – The Stage 1 Properties of Bei Gang Logistics – Arrangement in relation to Bei Gang Logistics", the right of use and economic benefits of the Stage 2 Properties will be held by the Sponsor.

Grant of Call Option and Purchase Price

In this regard, the Sponsor has provided a call option to Hangzhou Bei Gang Logistics Co., Ltd. under the Call Option Agreement, where:

- Hangzhou Bei Gang Logistics Co., Ltd. agreed to grant the Sponsor the right of use and economic benefits of the Stage 2 Properties for the Remaining Tenure; and

- Hangzhou Bei Gang Logistics Co., Ltd. shall have a call option to purchase the right of use and economic benefits of the Stage 2 Properties pursuant to the conditions for exercise of the call option specified in the Call Option Agreement.

- The purchase price for the right of use and economic benefits of the Stage 2 Properties shall be based on the average of the valuations by two independent valuers (of which one shall be appointed by Hangzhou Bei Gang Logistics Co., Ltd. and the other shall be appointed by the Trustee). The valuations shall not be more than six months old from the date of the sale and purchase agreement entered into pursuant to the exercise of the call option.

If the PRC laws require the payment of a minimum price which is higher than the aforementioned purchase price when Hangzhou Bei Gang Logistics Co., Ltd. exercises the call option, then the minimum price regulated by the PRC laws shall be the purchase price and Hangzhou Bei Gang Logistics Co., Ltd. may elect to withdraw its exercise of the call option under such circumstances.

Exercise of Call Option

The exercise of the call option is subject to the fulfillment of the following conditions (where any condition waived by Hangzhou Bei Gang Logistics Co., Ltd. in writing shall be deemed as fulfilled):

- the development of the Stage 2 Properties has been completed and 90.0% of the Stage 2 Properties have been leased;

- all the necessary internal approval procedures have been completed by Hangzhou Bei Gang Logistics Co., Ltd.;

- two independent valuations of the right of use and economic benefit of the Stage 2 Properties have been obtained in accordance with the terms of the Call Option Agreement;

- Hangzhou Bei Gang Logistics Co., Ltd. has obtained a written opinion from an independent financial adviser stating that its exercise of the call option is not prejudicial to the interests of EC World REIT and its minority Unitholders, and is carried out on normal commercial terms;

- Hangzhou Bei Gang Logistics Co., Ltd.'s exercise of the call option and acquisition of the entire right of use and economic benefits of the Stage 2 Properties does not violate any applicable Singapore laws or regulations and PRC laws or regulations. Hangzhou Bei Gang Logistics Co., Ltd. has executed all other necessary contracts and obtained all necessary government approvals and consents; and

- An extraordinary general meeting of EC World REIT has been convened pursuant to which the Unitholders (with the Sponsor and its associates abstaining from voting) has decided by way of an ordinary resolution to approve Hangzhou Bei Gang Logistics Co., Ltd.'s exercise of the call option.

Right of First Refusal

The Sponsor has also undertaken under the Call Option Agreement that if the Sponsor intends to transfer, sell or pledge the right of use and economic benefits of the Stage 2 Properties (the "**Transfer**") to another third party at any time before exercise of the call option by Hangzhou Bei Gang Logistics Co., Ltd., the Sponsor shall provide a right of first refusal to Hangzhou Bei Gang Logistics Co., Ltd..

The Sponsor shall first issue a written notice to Hangzhou Bei Gang Logistics Co., Ltd., specifying: (a) the scope of the right of use and economic benefits of the Stage 2 Properties to be transferred; (b) the price of the proposed transfer (the "**Transfer Price**") (which shall be based on the average of valuations by two independent and internationally reputable valuers appointed by Hangzhou Bei Gang Logistics Co., Ltd. and the Trustee); (c) the identity of the proposed transferee; and (d) other provisions and conditions in relation to the Transfer, and the Sponsor shall grant to Hangzhou Bei Gang Logistics Co., Ltd. a right of first refusal to purchase the whole or part of the right of use and economic benefits of the Stage 2 Properties, at the Transfer Price, and on terms and conditions no less favourable than the terms and conditions offered or proposed to be offered to, any third party purchaser or received from any third party purchaser.

Hangzhou Bei Gang Logistics Co., Ltd. shall give written notice of its acceptance of the Sponsor's offer within one month after receiving the Sponsor's written notice. If Hangzhou Bei Gang Logistics Co., Ltd. does not accept the Sponsor's offer, the Sponsor shall be entitled to accept any offer from a third party purchaser at a purchase price which shall not be lower than the Transfer Price stated in the Sponsor's offer and on such terms and conditions which shall not be more favourable than the terms and conditions of the sale and purchase agreement and any other related document incorporating a purchase price and such terms and conditions offered or proposed to be offered to the third party purchaser or received from any third party purchaser, without further notice to Hangzhou Bei Gang Logistics Co., Ltd.. In the event that no sale and purchase agreement is entered into by and between the Sponsor and any third party purchaser within 6 months from the date of Hangzhou Bei Gang Logistics Co., Ltd.'s written notice, the right of first refusal shall continue to apply and the Sponsor shall not at any time transfer, sell or pledge the right of use and economic benefit of the Stage 2 Properties held by it without first re-observing the right of first refusal provisions herein.

Notification Obligation of the Sponsor

Under the Call Option Agreement, the Sponsor is required to notify the Manager in writing of the leasing status of the Stage 2 Properties every six months from commencing from the date of completion of the development of the Stage 2 Properties until the call option is exercised by Hangzhou Bei Gang Logistics Co., Ltd.

Term of the Call Option Agreement

The Call Option Agreement will terminate at the earlier of:

(a) the date when the right of use and economic benefits of the Stage 2 Properties held by the Sponsor has been transferred or assigned to Hangzhou Bei Gang Logistics Co., Ltd. in accordance with the Call Option Agreement;

(b) the expiry date of the land use right certificate for the Bei Gang Logistics property; or

(c) the date of the disposal of the right of use and economic benefits of the Stage 2 Properties by the Sponsor where Hangzhou Bei Gang Logistics Co., Ltd. has expressed confirmed its intention not to exercise the call option.

Assignment of the Call Option Agreement

Subject to the Grant Agreement, Hangzhou Bei Gang Logistics Co., Ltd. is entitled to assign its rights and obligations under the Call Option Agreement to a third party in the event of any disposal by it of (a) the Stage 1 Properties' ownership certificates and (b) the land use right to the land underlying the Stage 1 Properties and the Stage 2 Properties to a third party, and the Sponsor hereby agrees to such assignment, provided that such third party agrees to be bound by the Call Option Agreement.

GRANT AGREEMENT IN RELATION TO THE STAGE 2 PROPERTIES OF BEI GANG LOGISTICS

As stated in "Business and Properties – The Stage 1 Properties of Bei Gang Logistics – Arrangement in relation to Bei Gang Logistics", the right of use and economic benefits of the Stage 2 Properties will be held by the Sponsor. The Sponsor and Hangzhou Bei Gang Logistics Co., Ltd. (the "**BGL Company**") have on 30 June 2016 entered into the Grant Agreement pursuant to which the BGL Company granted to the Sponsor the right of use and economic benefits of the Stage 2 Properties of Bei Gang Logistics (the "**Granted Right**").

Subject-Matter of the Grant Agreement

Pursuant to the Grant Agreement, the Sponsor and the BGL Company agreed that:

- the BGL Company irrevocably grants the right of use and economic benefits of Stage 2 Properties at the price of RMB1.0[1], including but not limited to the rights of implementing building construction, property management and operation and obtaining the economic benefits incurred in relation to such activities, with no outstanding conditions except those agreed on by the parties under the Grant Agreement;

- the Sponsor possesses, upon the execution of the Grant Agreement, the Granted Right; and

- the grant of the Granted Right shall take effect from the Listing Date and shall expire in accordance with the tenure of the land use right of the Stage 2 Properties (being 14 March 2052) (unless such tenure is extended).

Provisions of Cost, Liability and Benefit

The Sponsor has undertaken the following pursuant to the Grant Agreement:

- to implement the construction, the inspection and acceptance of the completion of the Stage 2 Properties and obtained the building ownership certificates of the Stage 2 Properties in line with schemes of planning, designing and construction approved by the authorised bureaus and agencies, where the building ownership certificates shall be issued in the name of and held by the BGL Company;

- to pay for all the costs of building construction and fitting-out, equipment installation and maintenance of the Stage 2 Properties, where the BGL Company shall provide the required cooperation in relation to the aforementioned matters;

- to bear responsibility for the operation of the Stage 2 Properties and bear the operational costs, expenses and taxes and be authorised to obtain all the operation income of the Stage 2 Properties;

- to undertake that the management and operation of the Stage 2 Properties shall not be in breach of the terms of state-owned land use right grant contract regarding to the land use right of the Stage 2 Properties;

- to grant the call option in respect of the Granted Right to the BGL Company pursuant to the Call Option Agreement and to undertake that where the BGL intends to exercise the call option, the Sponsor shall not unreasonably reject any offer to acquire the Granted Right for the Remaining Tenure at fair value;

---

1 The grant price has been set at a nominal value as the IPO Portfolio does not include the Stage 2 Properties. The purchase consideration attributed to the IPO Portfolio does not include the value of the Stage 2 Properties.

- where the BGL Company expressly confirms its intention not to exercise the call option, the Sponsor shall only sell the Granted Right to a third party only if it procures the third party to take over the Sponsor's rights and obligations under the deed of indemnity in respect of Bei Gang Logistics; and

- to grant the BGL Company a right of first refusal to purchase the Granted Right pursuant to the Call Option Agreement if the Sponsor intends to sell the Granted Right any time before the BGL Company's exercise of the call option, where the purchase price of which shall be based on the average of the valuations by two independent and internationally reputable valuers, one to be appointed by the BGL Company and one to be appointed by the Trustee.

Pursuant to the Grant Agreement, the Sponsor and the BGL Company have also agreed that:

- the BGL Company and any subsidiary or entity of EC World REIT shall not participate in any activities in construction and operation of the Stage 2 Properties and the Sponsor shall be entirely responsible for the construction contracting, cost payment and any liabilities and obligations incurred;

- the Granted Right shall be owned by the Sponsor as at the time of expiry of the land use right of the Stage 2 Properties, provided that neither the Granted Right had been disposed by the Sponsor nor had the call option been exercised by the BGL Company. At such time, the Sponsor shall pay the government bureaus for the subsequent use right of the land so as to ensure that it obtains the full right of use and economic benefits of the Stage 2 Properties for the renewed term;

- the BGL Company (as the holder of the building ownership certificates) shall provide the required cooperation to the Sponsor in relation to its activities of building construction and fitting-out, equipment installation and maintenance of the Stage 2 Properties;

- without the Sponsor's prior written consent (where such consent shall not be unreasonably withheld), the BGL Company (or its creditor) shall not dispose of the Stage 2 Properties at its sole discretion notwithstanding its ownership of the land use right and title certificates. In the event of such disposal, the Sponsor shall be compensated at a price determined in accordance with a fair valuation of the Granted Right as provided by an independent and internationally reputable valuer appointed by the independent directors of the Manager. If the Sponsor consents to such disposal, the compensation payable to the Sponsor shall be mutually agreed between the Sponsor and the BGL Company. The payment of the compensation will be treated as an "interested person transaction" and subject to the review of the Audit and Risk Committee. The payment of such compensation in the event of disposal of the Stage 2 Properties by the BGL Company shall be a full and final settlement of its obligation to the Sponsor arising from such disposal pursuant to the Grant Agreement; and

- without the Sponsor's prior written consent (where such consent shall not be unreasonably withheld), the BGL Company shall not impose any pledge on the land use right and title certificates of the Stage 2 Properties for any loan application.

Assignment of the Grant Agreement

Subject to the terms of the Grant Agreement, the BGL Company is entitled to assign its rights and obligations under the Grant Agreement to a third party in the event of any disposal by the BGL Company of (a) the Stage 1 Properties building ownership certificates and (b) the land use right to the land underlying the Stage 1 and Stage 2 Properties to the third party, and the Sponsor hereby agrees to such assignment, provided that such third party agrees to be bound by this Agreement.

Termination of the Grant Agreement

Where any party to the Grant Agreement commits a material breach of any term of the Grant Agreement, the other party shall have the right to terminate the Grant Agreement and/or require the former to compensate all damages.[1] Unless otherwise required by the applicable laws and/or specified in the Grant Agreement, the BGL Company shall not have any right to terminate the Grant Agreement.

OUTSOURCING AGREEMENT IN RELATION TO HENGDE LOGISTICS

Zhejiang Hengde Sangpu Logistics Co., Ltd. and Hangzhou Heng Yue Investment Management Co., Ltd. have on 30 June 2016 entered into an outsourcing agreement pursuant to which Hangzhou Heng Yue Investment Management Co., Ltd. will outsource the provision of the services of storage, loading and unloading, transportation and examination of the warehoused cargo (the "**Services**") for the warehouse located at No. 3 Road, Dongzhou Industrial Park, Fuyang District, Hangzhou City and the warehouse located at No. 2-2, Dongqiao Road, Dongzhou Industrial Park, Fuyang District, Hangzhou City (collectively, the "**Warehouses**").

Scope of the Outsourcing Agreement

Pursuant to the Outsourcing Agreement, Hangzhou Heng Yue Investment Management Co., Ltd. undertakes, among other things, that:

- it shall arrange for no more than 200 permanent employees to undertake on-site work at the Warehouses, and such employees shall carry out the Services in accordance with the required service standards thereof and/or industrial standards if applicable as described in the warehousing services agreement (仓储服务协议) (as supplemented), entered into between Zhejiang Hengde Sangpu Logistics Co., Ltd. and China Tobacco Zhejiang Industrial Co., Ltd.;

- it possesses the technical capabilities and professional qualifications required for the completion of Services, failing which it will bear all resulting legal and compensatory responsibilities arising from such commitment; and

- the salary, welfare payments and social security payments of the employees who will carry out the Services will be borne by itself or those employees. Zhejiang Hengde Sangpu Logistics Co., Ltd. shall not be obliged to make payments to any employee carrying out the Services in respect of his/her salary, welfare payment, insurance requirements or compensation.

Fee Payable under the Outsourcing Agreement

Pursuant to the Outsourcing Agreement, Zhejiang Hengde Sangpu Logistics Co., Ltd. shall pay a monthly service fee[2] of RMB700,000 to Hangzhou Heng Yue Investment Management Co., Ltd.. This service fee is subject to an escalation of 2.0% per annum, with such escalation to take effect from every January during the term of the Outsourcing Agreement starting from 2017.

---

1 The compensation to be paid in the event of a material breach by a party shall be determined based on the actual losses including direct losses and foreseeable losses which are incurred due to the material breach of the Grant Agreement, in accordance with the general principles under PRC contract law.

2 The basis for the monthly service fee is derived from the labour required to be deployed for the provision of the services, and the cost of hiring such labour at the local market level.

Rights and Obligations of the Parties

The rights and obligations of Zhejiang Hengde Sangpu Logistics Co., Ltd. include:

- to provide detailed instructions to Hangzhou Heng Yue Investment Management Co., Ltd. during the first month of its work in the Hengde Warehouses, including the explanation of the standards and requirements expected for the Services to be provided to the owners of the cargo and setting out an equipment list and protection and maintenance requirements;

- to be entitled to claim compensation from Hangzhou Heng Yue Investment Management Co., Ltd. In respect of any shortfall in the quality of work and damage to the cargo, tools, equipment and facilities caused by Hangzhou Heng Yue Investment Management Co., Ltd., where it is also entitled to impose penalties on Hangzhou Heng Yue Investment Management Co., Ltd. for its violation of rules and regulations;

- to be entitled to stop the violations by Hangzhou Heng Yue Investment Management Co., Ltd.'s employees and to impose penalties on Hangzhou Heng Yue Investment Management Co., Ltd. according to its relevant regulations;

- to pay the service fees to Hangzhou Heng Yue Investment Management Co., Ltd. within the stipulated timeframe in the Outsourcing Contract; and

- to be responsible for the cleaning, security and equipment maintenance while Hangzhou Heng Yue Investment Management Co., Ltd. is liable for the safe-keeping of warehouse equipment and all cargo during working hours.

The rights and obligation of Hangzhou Heng Yue Investment Management Co., Ltd. include:

- to ensure that its employees handle the cargo with care, neatly and properly while in the process of loading and unloading such cargo, where it shall be liable for all economic losses arising from its employees' actions in handling the cargo in a rough manner. Its employees are required to follow the instructions of Zhejiang Hengde Sangpu Co., Ltd.'s on-site manager to perform their duties and it shall be responsible for any deformation or damages to cargo caused by its employees' non-compliance;

- to guarantee that during the term of the Outsourcing Agreement, the cargo will be unloaded to and stored in the designated place in the Warehouses in a safe and timely manner and its employees shall take proper care of such cargo, for which any losses and damages incurred shall be reimbursed by it in full;

- to ensure that its employees are courteous to the customers of Zhejiang Hengde Sangpu Logistics Co., Ltd. and not to offend or conflict with such customers, where any contravention by its employees shall entitle Zhejiang Hengde Sangpu Logistics Co., Ltd. to impose a fine of RMB100 per incident, with such fine to be deducted from the service fee payable to it for that month. In addition to such fine, it shall also be liable for all losses of Zhejiang Hengde Sangpu Logistics Co., Ltd. and its customers arising from such conflict;

- to ensure that the loading, unloading and stacking of cargo in the Warehouses are carried out in accordance with Zhejiang Hengde Sangpu Logistics Co., Ltd.'s instructions and it shall be liable for all losses resulting from any discrepancy caused by its non-compliance with such instructions;

- to assist Zhejiang Hengde Sangpu Logistics Co., Ltd. in inspecting the model, quantity, types and quality of cargo stored or fetched, where it shall guarantee that the cargo will be

unloaded to the designated place in a safe and timely manner and that it shall take proper care of the cargo without any shortfall or damage. It shall be liable for all losses, shortfalls, damage during the loading and unloading of the cargo;

- to guarantee that all its relevant employees are trained and qualified to meet Zhejiang Hengde Sangpu Logistics Co., Ltd.'s business requirements for the provision of the Services and to guarantee that the operation specifications, labor protection and safety facilities with respect to the storage, loading and unloading, transportation, and examination of the cargo are in accordance with relevant national industrial standards, and that it shall comply with Zhejiang Hengde Sangpu Logistics Co., Ltd.'s standards and specifications to perform its duties hereunder;

- to provide its employees with safety trainings (where Zhejiang Hengde Sangpu Logistics Co., Ltd. shall not be responsible for any injuries and casualties suffered by its employees or any other incidents occurred during its provision of the Services); and

- to pay for its employees' salaries and social security payments and to maintain commercial insurance policies for them, and during the term of the Outsourcing Agreement, it shall be liable for all losses and damages suffered by its employees arising from any traffic accident, personal accident, injuries or casualties or those damages caused by any third party.

Term of the Outsourcing Agreement

The term of the Outsourcing Agreement is from 1 December 2015 to 30 September 2020.

Termination of the Outsourcing Agreement

If the Services provided by Hangzhou Heng Yue Investment Management Co., Ltd. do not meet Zhejiang Hengde Sangpu Logistics Co., Ltd.'s requirements and such service standards do not improve after Zhejiang Hengde Sangpu Logistics Co., Ltd. has given written notice of such matter for three times, Zhejiang Hengde Sangpu Logistics Co., Ltd. shall be entitled to terminate the Outsourcing Agreement without any liability.

DEED OF INDEMNITY IN RELATION TO BEI GANG LOGISTICS

As stated in "Business and Properties – The Stage 1 Properties of Bei Gang Logistics (北港物流一期) – Arrangement in relation to Bei Gang Logistics", the right of use and economic benefits of the Stage 2 Properties will remain with the Sponsor. As the owner of the right of use and economic benefits of the Stage 2 Properties, the Sponsor shall have the right to develop and manage the Stage 2 Properties at its own costs and expenses, without any such costs and/or expenses being imputed to EC World REIT.

In this regard, the Sponsor has agreed to indemnify the Trustee and Hangzhou Bei Gang Logistics Co., Ltd. (the "**Indemnified Parties**") against:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or covenants under the deed of indemnity;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the ownership, development, operation and/or management of the Stage 2 Properties;

- any and all claims by any party against any Indemnified Party which arises out of or in connection with the ownership, development, operation and/or management of the Stage 2 Properties;

- any and all development costs, operational costs, expenses, tax liabilities (including real estate taxes), and any other liabilities which arises out of or in connection with the ownership, development, operation and/or management of the Stage 2 Properties which any Indemnified Party may incur;

- any and all losses which any Indemnified Party may suffer or incur if the Sponsor were to develop, manage or operate the Stage 2 Properties in a manner which is non-compliant with the conditions of the land use right of the Bei Gang Logistics property, thereby resulting in the land authorities revoking the land use right and compulsorily acquiring the land and buildings of the Bei Gang Logistics property (or any part thereof); and

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by the Sponsor to comply with its obligations under the equity transfer agreement for the acquisition of Hangzhou Bei Gang Logistics Co., Ltd.

The Sponsor's liability to indemnify shall cease upon the earlier of:

- the expiry of the land use right of the Stage 2 Properties; or

- the exercise of the call option by Hangzhou Bei Gang Logistics Co., Ltd. in relation to the right of use and economic benefits of the Stage 2 Properties.

There is no limit on the Sponsor's liability under the deed of indemnity in relation to Bei Gang Logistics.

DEED OF INDEMNITY IN RELATION TO THE DEVELOPMENT FUNDS AGREEMENT INVOLVING HANGZHOU CHONGXIAN PORT INVESTMENT CO., LTD.

Hangzhou Chongxian Port Investment Co., Ltd. had entered into an agreement with the Ministry of Transportation of Yuhang District, Hangzhou on 5 December 2008 for the stage one development of the Chongxian Port facility (the "**Development Funds Agreement**"). The Development Funds Agreement provided that the asset known as Warehouse Number 1 (一号仓库) (the "**Asset**") would be held by the Ministry of Transportation upon its completion of the development and leased back to Hangzhou Chongxian Port Investment Co., Ltd. In return, the Ministry of Transportation would provide a grant of RMB45.0 million (the "**Grant Fund**") to Hangzhou Chongxian Port Investment Co., Ltd. for the development of the Asset. However, the development of the Asset was conducted and completed by Hangzhou Chongxian Port Logistics Co., Ltd. instead of Hangzhou Chongxian Port Investment Co., Ltd. The land use right certificate to the Asset is also registered and held by Hangzhou Chongxian Port Logistics Co., Ltd. instead of Hangzhou Chongxian Port Investment Co., Ltd.

As the obligations under the Development Funds Agreement were performed by Hangzhou Chongxian Port Logistics Co., Ltd., the Sponsor had discussed the repayment of Grant Funds with the Ministry of Transportation. It was agreed that the Grant Funds be repaid to the Yuhang Transport Bureau (the local branch of the Ministry of Transportation) after such Grant Amount has been subject to independent appraisal as to the exact amount to be repaid. Once the independent appraisal has been obtained, the Yuhang Transport Bureau and Hangzhou Chongxian Port Investment Co., Ltd. will enter into an agreement where there will be a one-time repayment of the Grant Fund by the Sponsor to the Yuhang Transport Bureau, and such agreement will stipulate that whereupon the repayment, the Chongxian Port Companies shall be released from all its obligations and liabilities in relation to the Grant Fund.

Therefore, until the Grant Fund is repaid, Hangzhou Chongxian Port Investment Co., Ltd. continues to be exposed to outstanding liabilities arising from the Development Funds Agreement.

In this regard, the Sponsor has agreed to indemnify the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. (the "**Indemnified Parties**") against:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or covenants under the deed of indemnity;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the Development Funds Agreement;

- any and all claims by any party against any Indemnified Party which arises out of or in connection with the Development Funds Agreement;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by Hangzhou Chongxian Port Investment Co., Ltd. to comply with its obligations in respect of the Development Funds Agreement; and

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by the Sponsor to comply with its obligations under the equity transfer agreement for the acquisition of Hangzhou Chongxian Port Investment Co., Ltd.

The Sponsor's liability shall cease when the Outstanding Liability is cleared from the financial accounts and records of Hangzhou Chongxian Port Investment Co., Ltd.

DEED OF INDEMNITY IN RELATION TO THE BILL FINANCING ARRANGEMENTS INVOLVING HANGZHOU CHONGXIAN PORT INVESTMENT CO., LTD.

As disclosed in the "Risk Factors" section, Hangzhou Chongxian Port Investment Co., Ltd. had previously entered into bill financing transactions with the Endorsing Banks that involved the issuance of bank acceptance notes on the basis of transactions with no commercial substance. If the relevant authorities or the Endorsing Banks were to take action against Hangzhou Chongxian Port Investment Co., Ltd. for the Non-Compliant Bill Financing Transactions, this could have an adverse effect on the business, financial condition and results of operation of EC World REIT.

In this regard, the Sponsor has agreed to indemnify the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. (the "**Indemnified Parties**") against:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or covenants under the deed of indemnity;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the Non-Compliant Bill Financing Arrangements;

- any and all claims by any party against any Indemnified Party which arises out of or in connection with the Non-Compliant Bill Financing Arrangements;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by Hangzhou Chongxian Port Investment Co., Ltd. to comply with its obligations in respect of the Non-Compliant Bill Financing Arrangements; and

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by the Sponsor to comply with its obligations under the equity transfer agreement for the acquisition of Hangzhou Chongxian Port Investment Co., Ltd.

The Sponsor's liability to indemnify shall cease if the equity transfer agreement for the acquisition of Hangzhou Chongxian Port Investment Co., Ltd. is rescinded or terminated in accordance with the terms and conditions therein and/or the listing of EC World REIT on the Main Board of the SGX-ST is aborted, terminated or not completed in whatever manner and for whatever reason. There is no limit on the Sponsor's liability under the deed of indemnity in relation to the bill financing arrangements involving Hangzhou Chongxian Port Investment Co., Ltd.

DEED OF INDEMNITY IN RELATION TO THE BILL FINANCING ARRANGEMENTS INVOLVING HANGZHOU CHONGXIAN PORT LOGISTICS CO., LTD.

As disclosed in the "Risk Factors" section, Hangzhou Chongxian Port Logistics Co., Ltd. had previously entered into bill financing transactions with the Endorsing Banks that involved the issuance of bank acceptance notes on the basis of transactions with no commercial substance. If the relevant authorities or the Endorsing Banks were to take action against Hangzhou Chongxian Port Logistics Co., Ltd. for the Non-Compliant Bill Financing Transactions, this could have an adverse effect on the business, financial condition and results of operation of EC World REIT.

In this regard, the Sponsor has agreed to indemnify the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd. (the "**Indemnified Parties**") against:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or covenants under the deed of indemnity;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the Non-Compliant Bill Financing Arrangements;

- any and all claims by any party against any Indemnified Party which arises out of or in connection with the Non-Compliant Bill Financing Arrangements;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by Hangzhou Chongxian Port Logistics Co., Ltd. to comply with its obligations in respect of the Non-Compliant Bill Financing Arrangements; and

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by the Sponsor to comply with its obligations under the equity transfer agreement for the acquisition of Hangzhou Chongxian Port Investment Co., Ltd. (which owns Hangzhou Chongxian Port Logistics Co., Ltd.).

The Sponsor's liability to indemnify shall cease if the equity transfer agreement for the acquisition of Hangzhou Chongxian Port Investment Co., Ltd. is rescinded or terminated in accordance with the terms and conditions therein and/or the listing of EC World REIT on the Main Board of the SGX-ST is aborted, terminated or not completed whatever manner and for whatever reason. There is no limit on the Sponsor's liability under the deed of indemnity in relation to the bill financing arrangements involving Hangzhou Chongxian Port Logistics Co., Ltd.

DEED OF INDEMNITY IN RELATION TO THE HOUSING PROVIDENT FUND ISSUES INVOLVING ZHEJIANG HENGDE SANGPU LOGISTICS CO., LTD.

As disclosed in the "Risk Factors" section, Zhejiang Hengde Sangpu Logistics Co., Ltd. did not apply for a Housing Provident Fund Certificate at the local Housing Provident Fund Management Center and it also did not pay the housing provident funds for 208 of its employees before November 2015.

In this regard, the Sponsor has agreed to indemnify the Trustee, Magnasset Investment Pte. Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd. (the "**Indemnified Parties**") against:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or covenants under the deed of indemnity;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the Housing Provident Fund Issues;

- any and all claims by any party against the any Indemnified Party which arises out of or in connection with the Housing Provident Fund Issues;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by the PRC Property Company to comply with its obligations in respect of the Housing Provident Fund Issues; and

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by the vendor (Zhongyi Group Co., Ltd.) to comply with its obligations under the Equity Transfer Agreement,

where "**Housing Provident Fund Issues**" refer to:

(a) the Outstanding Provident Fund Contributions, being (i) the unpaid housing provident funds for the employees of the PRC Property Company which the PRC Property Company is required to pay to the local Housing Provident Fund Management Center (住房公基金管理中心) pursuant to the Administrative Regulations on the Housing Provident Fund of Zhejiang Province and (ii) the fines and/or administrative penalties which the local Housing Provident Fund Management Center may impose on the PRC Property Company pursuant to the Administrative Regulations on the Housing Provident Fund (《住房公积金管理条例》) and the Regulations on the Housing Provident Fund of Zhejiang Province (《浙江省住房公积金条例》); and

(b) the Overdue Application, being the late registration of payment and deposit of the housing provident funds and establishment of an account for its employees, pursuant to which the local Housing Provident Fund Management Center may impose fines or administrative penalties for such late application pursuant to the Regulations on the Housing Provident Fund of Zhejiang Province.

The Sponsor's liability to indemnify shall cease if the equity transfer agreement for the acquisition of Zhejiang Hengde Sangpu Logistics Co., Ltd. is rescinded or terminated in accordance with the terms and conditions therein and/or the listing of EC World REIT on the Main Board of the SGX-ST is aborted, terminated or not completed in whatever manner and for whatever reason.

DEED OF INDEMNITY IN RELATION TO THE CONSTRUCTION WORKS AT CHONGXIAN PORT INVESTMENT

As disclosed in the "Risk Factors" section, the Sponsor has undertaken construction works at Chongxian Port Investment to convert part of its open-air storage yard into a sheltered warehouse, and such construction works are expected to be completed by June 2016 with the completion acceptance to be issued by August 2016.

In this regard, the Sponsor has agreed to indemnify the Trustee, Fullwealth Investment Pte. Ltd. and Hangzhou Chongxian Port Investment Co., Ltd. (the "**Indemnified Parties**") against:

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a breach of any of the warranties or covenants under the deed of indemnity;

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with the construction works;

- any and all claims by any party against the any Indemnified Party which arises out of or in connection with the construction works; and

- any and all losses which any Indemnified Party may suffer or incur which arises out of or in connection with a failure by the PRC Property Company to comply with its obligations in respect of the construction works.

The Sponsor's liability to indemnify shall cease if the equity transfer agreement for the acquisition of Hangzhou Chongxian Port Investment Co., Ltd. is rescinded or terminated in accordance with the terms and conditions therein and/or the listing of EC World REIT on the Main Board of the SGX-ST is aborted, terminated or not completed whatever manner and for whatever reason.

MASTER PROPERTY MANAGEMENT AGREEMENT

The IPO Portfolio and any properties which are subsequently acquired by EC World REIT, whether such properties are directly or indirectly held by EC World REIT, or are wholly or partly owned by EC World REIT, will be managed by the Property Manager or a subsidiary of the Property Manager, or a property manager of reputable standing (where the Property Manager has elected not to take over the management of such property), in accordance with the terms of the Master Property Management Agreement and the Individual Property Management Agreements entered into.

The Property Manager is jointly appointed by the Trustee and the Manager pursuant to the Master Property Management Agreement. The Master Property Management Agreement was entered into on 30 June 2016 by the Trustee, the Manager and the Property Manager pursuant to which the Property Manager and/or its subsidiaries was appointed to operate, maintain, manage and market (or to procure the operation, maintenance, management and marketing of) the properties of EC World REIT. The Property Manager and/or the relevant subsidiary so appointed will be subjected to the overall management and supervision of the Manager and subject to the terms and conditions of the Master Property Management Agreement and each Individual Property Management Agreement.

The Master Property Management Agreement provides that in respect of each new property to be acquired by the Trustee (whether directly or indirectly), the Trustee, the Manager, the Property Manager and the owner of the new property will enter into a separate property management agreement, which shall be on substantially the same terms and conditions as those set forth in Annexure 1 to the Master Property Management Agreement, which sets out the form of the Individual Property Management Agreement.

The Master Property Management Agreement also provides that in respect of termination of the appointment of the Property Manager under this Agreement in respect of a Property, the Manager shall as soon as practicable recommend to the Trustee the appointment of a replacement property manager for the affected property, and arrange for the Trustee, the Manager and the replacement property manager to enter into a property management agreement on similar terms to this Agreement.

The termination of the Master Property Management Agreement will not in any manner affect the term of any Individual Property Management Agreements already entered into, or any rights and obligations between the respective parties thereunder.

The initial term of the Master Property Management Agreement is five years from the Listing Date.

INDIVIDUAL PROPERTY MANAGEMENT AGREEMENT

The Individual Property Management Agreement has been entered into by each of the PRC Property Companies with the Trustee, the Manager and the Property Manager, pursuant to which the Property Manager is appointed to operate, maintain, manage and market the Properties. The Property Manager will be subject to the overall management and supervision of the Manager.

Term of the Individual Property Management Agreement

The initial term of the Individual Property Management Agreement is five years from the Listing Date. Six months before the expiry of the initial term of the Individual Property Management Agreement, each party to the Individual Property Management Agreement may give written notice to the other parties to the Individual Property Management Agreement to extend the appointment of the Property Manager for a further term of five years on the same terms and conditions in the Individual Property Management Agreement (unless otherwise agreed mutually by the parties).

Services

The services to be provided by the PRC Property Manager for the Properties include the following:

- property management services, including recruitment, training and supervision of all staff members required to properly operate and maintain, manage and market the property, negotiation of contracts, assisting in the design of and selection of equipment used in connection with communications and data processing systems;

- lease management services, in relation to lease administration and tenancy related matters, leasing status management and reporting, rental collection and arrears management;

- marketing services which involves the planning, preparation of and contracting for advertising and promotional programmes, advising on marketing and public relations and conduct of marketing and public relations activities;

- maintenance and repair services which include planning, initiation, supervision and control of the maintenance and repairs, advising on and preparing a program for routine property maintenance works and supervising their implementation; and

- project management services in relation to various phases of the project, like its design (pre-construction) phase, construction phase, completion phase and other additional services which the Property Manager might be tasked to do.

Fees

Under the Individual Property Management Agreement, the Property Manager is entitled to fees set out below:

- in respect of the property and lease management services and maintenance and repair services, a property management fee of 1.5% per annum of the Gross Revenue of the Property;

- in respect of marketing services, for leases with a tenure of 24 months or more, (a) a lease-up commission of 1 month for new leases, and (b) a commission of 0.5 month for the renewal of existing leases. If the new lease or lease renewal is for tenure of less than 24 months, the commission shall be calculated *pro rata*; and

- in respect of project management services, a project management fee based on the following for any development, re-development, refurbishment, retrofitting, addition and alteration or renovation works to the property:

    - where the construction costs are RMB10.0 million or less, a fee of 3.25% of the construction costs;

    - where the construction costs exceed RMB10.0 million but do not exceed RMB100.0 million, a fee of 3.0% of the construction costs;

    - where the construction costs exceed RMB100.0 million but do not exceed RMB250.0 million, a fee of 2.75% of the construction costs; and

    - where the construction costs exceed RMB250.0 million, a fee[1] to be mutually agreed by the parties.

The lease commission payable to the Property Manager in respect of the marketing services to be provided for the Properties in the IPO Portfolio shall only be payable for new leases entered into or existing leases renewed in the year commencing from 1 January 2018 and thereafter.

The property management fee, the lease commission and the project management fee shall be paid in the form of cash and/or Units (as the Manager may in its sole discretion determine). When paid in the form of Units, the Property Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the fees payable at an issue price per Unit equal to the Market Price, where Market Price refers to:

(a) the volume weighted average price for a Unit (if applicable, of the same class) for all trades on the SGX-ST or (as the case may be) a relevant Recognised Stock Exchange in the ordinary course of trading on the SGX-ST or (as the case may be) the relevant Recognised Stock Exchange for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or the relevant Recognised Stock Exchange) immediately preceding the end of the relevant financial quarter (in the case of payment for property management services and lease commission or from the end of the relevant milestone according to the agreed payment schedule to be agreed between the Manager and the Property Manager for a relevant project (in the case of payment for project management services) for which such fee relates to; or

---

1 The quantum of the project management fee and the methodology for its computation shall be disclosed in the annual report of EC World REIT.

(b) if the Manager believes that the foregoing calculation does not provide a fair reflection of the Market Price of a Unit (which may include, among others, instances where the trades on the Units are very low or where there is disorderly trading activity in the Units), an amount as determined by the Manager and the Trustee (after consultation with a stockbroker approved by the Trustee), as being the fair Market Price.

In addition to the above, the Property Manager shall enter into a separate service agreement with the end-tenants of the Property where the end-tenant shall pay fees to the Property Manager for the specific services provided by the Property Manager in respect of:

(i) general maintenance or repair works on the leased premises of the end-tenant; and

(ii) ad hoc maintenance or repair works on the leased premises of the end-tenant.

For the purpose of calculating the fees payable to the Property Manager, "construction costs" means all construction costs and expenditure valued by the quantity surveyor engaged by the Trustee for the project, excluding development charges, differential premiums, statutory payments, consultants' professional fees and all applicable taxes.

Termination

The PRC Property Company or the Manager may terminate the appointment of the Property Manager under the Individual Property Management Agreement on the occurrence of certain specified events, which include: if the Property Manager is voluntarily or involuntarily dissolved or declared bankrupt, insolvent or commits an act of bankruptcy or if an order is made or resolution is passed or a notice is issued convening a meeting for the purpose of passing a resolution or any analogous proceedings are taken for the appointment of an administrator or judicial manager of or the winding up of the Property Manager, other than a members' voluntary liquidation solely for the purpose of a bona fide amalgamation or reconstruction, or the Property Manager compounds with its creditors or has a receiver appointed over all or any part of its assets or a judicial manager is appointed in respect of the Property Manager or the Property Manager ceases to carry on business.

In the event of a sale of the property, the PRC Property Company or the Manager may terminate the Individual Property Management Agreement by giving not less than 30 days' prior written notice to the PRC Property Manager. Under the Master Property Management Agreement, in the event of a sale of a property by EC World REIT, the Master Property Management will continue to apply with respect to the remaining properties managed by the Property Manager (or the PRC Property Manager) under the terms of the relevant Individual Property Management Agreements.

In addition, if the Property Manager, the PRC Property Company or the Manager, as the case may be, within 60 days (or 120 days if remedial actions have been initiated within 60 days) of its receipt of a notice in writing, fails to remedy any breach (which is capable of remedy) of its obligations, the party who is not in breach may terminate the appointment of the PRC Property Manager upon giving 30 days' written notice to the party in breach.

On the termination of the appointment of the Property Manager in the event of dissolution or insolvency or for breach, the Trustee shall as soon as practicable recommend to the owner of the property the appointment of a replacement property manager in relation to the property, and arrange for the owner of the property and the replacement property manager to enter into a property management agreement on similar terms to the Individual Property Management Agreement in question.

REGULATIONS IN RELATION TO THE RESTRUCTURING EXERCISE

On 8 August 2006, the MOFCOM, the SASAC, the SAT, the SAIC, the CSRCChina Securities Regulatory Commission and the SAFE promulgated the Administrative Measures Regarding Mergers and Acquisitions by Foreign Investors of Domestic Enterprises (关于外国投资者并购境内企业的规定) (the "**Circular 10**") which was amended by the MOFCOM on 22 June 2009.

For the purposes of the Circular 10, mergers and acquisitions of a domestic company (the "**Domestic Company**") by a company, enterprise, or natural person outside the PRC (the "**Foreign Investor**") shall mean that the Foreign Investor, by agreement, purchase equity interest from shareholders of domestic enterprise with no foreign investment or subscribe to the increase in the registered capital of the Domestic Company with the result that such Domestic Company changes into a foreign investment enterprise; or the Foreign Investor establishes a foreign investment enterprise and then, through such enterprise, purchase the assets of the Domestic Company by agreement and operate such assets, or the Foreign Investor purchases the assets of the Domestic Company by agreement and use such assets as investment to establish a foreign investment enterprise to operate such assets.

According to the Circular 10, in the event of merger and acquisition by the Foreign Investor of the Domestic Company, the transaction shall be submitted to the MOFCOM or its local branch at provincial level for examination and approval. In the event of merger and acquisition by a company, enterprise, or natural person from the PRC, in the name of a company that it has legitimately established or controls outside the PRC, of a domestic company (i.e. an enterprise in the PRC other than an FIE) affiliated thereto, the merger and acquisition transaction shall be submitted to the MOFCOM for examination and approval. Circular 10 does not provide for the definition of "control" in this respect and the government authorities may have broad discretion.

The parties to a merger or acquisition shall determine the transaction price on the basis of the result of the evaluation of the equity interest to be transferred or of the assets to be sold conducted by the asset evaluation institution. The parties to a merger or acquisition may agree on an asset evaluation institution established within the territory of China in accordance with the law. Asset evaluation shall be conducted by adopting internationally recognized evaluation methods. There is a prohibition upon transfer of equity interest or sale of assets at a price obviously lower than evaluated price for the purpose of transferring the capital out of China in a disguised way.

Application to the Original Registration Administration Authority for Change of Registration

According to the Circular 10, in the event of equity acquisition by the Foreign Investor, the merged or acquired domestic company shall apply to the original SAIC or the authorised local branch thereof for amendment to the registration and to obtain the business licence for an FIE.

Registration at the State Administration of Foreign Exchange

According to the Circular 13 which is issued on 13 February 2015 and takes effect from 1 June 2015, the SAFE revoked the registration requirements by its local counterparts in relation to inbound and outbound investment. Alternatively, some qualified local banks are authorised and supervised by the SAFE and its local counterparts to carry out foreign exchange registrations from 1 June 2015.

The Notice on Issues Relating to the Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) on 4 July 2014 (the "**SAFE Circular 37**"), which replaced the the Notice on Issues Relating to the Administration of Foreign Exchange in Equity Finance and Return Investment Activities by Domestic Residents through Offshore Special Purpose Vehicles (关于境内居民通过特殊目的公司融资及返程投资外汇管理有关问题的通知) promulgated by the SAFE on 21 October 2005. The SAFE Circular 37 requires PRC residents to register with local branches of the SAFE with regards to their direct establishment or indirect control of an offshore entity established for the purpose of overseas investment and financing and holding such PRC residents' legally owned assets or equity investments in domestic enterprises of offshore assets or interests. The SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event.

In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distribution to the offshore parent company and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Further, failure to comply with the various SAFE registration requirements described above result in liability under PRC law for foreign exchange evasion.

Payments of the Consideration of the Equity Transfer

In the event of a Foreign Investor's merger and acquisition of a domestic enterprise and establishment of an FIE, the Foreign Investor shall, within three months of the date of issuance of the business licence for an FIE, pay up the consideration in full amount to the shareholders transferring the equity interests or the domestic enterprise selling the assets. Where extension of the time limit is required due to special circumstances, the Foreign Investor shall, subject to the approval of the relevant examination and approval authority, pay at least 60% of the total consideration within six months of the date of issuance of the business licence for an FIE and pay up the consideration in full amount within one year.

REGULATION OF FOREIGN INVESTMENT IN REAL ESTATE[1]

Under the Provisions on the Administration of Qualification for Real Estate Development Companies (房地产开发企业资质管理规定) promulgated by the Ministry of Construction on 29 March 2000 and revised by the Ministry of Housing and Urban-rural Development of the PRC on 4 May 2015, a company engaged in the development and operation of real property business shall obtain a Qualification Certificate for Real Estate Development Enterprise in the PRC.

In respect of the ratio of registered capital to total investment of foreign investment real estate enterprises, (1) according to the Opinions on Regulating the Access and Administration of Foreign Investment in the Real Estate Market (关于规范房地产市场外资准入和管理的意见) promulgated jointly by the Ministry of Construction, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE on 11 July 2006 (the "No. 171 Notice"), if the total investment amount of a foreign-invested real estate development company is US$10.0 million or more, the amount of its registered capital shall not be less than 50.0% of the total investment; (2) according to the Notice on Implementing the Opinions on Regulating the Access and Administration of Foreign Capital in the Real Estate Market (关于贯彻落实《关于规范房地产市场外资准入和管理的意见》有关问题的通知) promulgated by the MOFCOM on 14 August 2006, (i) if the total investment amount of a foreign-invested real estate development company is more than US$3.0 million, the amount of its registered capital

1 The PRC Property Companies are not considered to be foreign-invested enterprises in real estate.

shall not be less than 50.0% of the total investment; and (ii) if the total investment amount of a foreign-invested real estate development company is US$3.0 million or less, the amount of its registered capital shall not be less than 70.0% of the total investment; (3) According to the Notice of the Ministry of Housing and Urban-Rural Development and Other Departments on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (住房城乡建设部等部门关于调整房地产市场外资准入和管理有关政策的通知) promulgated jointly by the Ministry of Housing and Urban-Rural Development, MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE on 19 August 2015 (the "No. 122 Notice"), the ratio of registered capital to total investment of foreign investment real estate enterprises shall be governed by the relevant provisions of the Interim Provisions of the SAIC on the Ratio of the Registered Capital to the Total Investment of a Sino-Foreign Equity Joint Venture Enterprise (国家工商行政管理局关于中外合资经营企业注册资本与投资总额比例的暂行规定) (in particular, if the total investment amount of a foreign-invested real estate development company is more than US$10.0 million but less than US$30 million, the amount of its registered capital shall not be less than 40.0% of the total investment, provided that the registered capital shall be no less than US$5 million if the total investment is less than US$12.5 million; if the total investment amount of a foreign-invested real estate development company is US$30 million or more, the amount of its registered capital shall not be less than one third of the total investment, provided that the registered capital shall be no less than US$12 million if the total investment is less than US$36 million).

According to the No. 171 Notice, (i) foreign entities and individuals shall follow the principle of commercial existence and are allowed to invest and purchase non-self-resided real estate in the PRC via their FIEs incorporated in the PRC; (ii) foreign investors shall pay off all the transfer price in a lump sum with their own funds if they acquire domestic real estate companies in the PRC; and (iii) no offshore or onshore loan is allowed if the registered capital of foreign-invested real estate company has not been fully paid in, or the foreign-invested real estate company has not obtained the land use right certificate, or their capital for a property development project is less than 35% of the total investment.

According to the No. 122 Notice, certain conditions for facilitating loans (such as full payment of registered capital and the stricter proportion requirement between the total investment and registered capital for foreign invested real estate enterprises) are repealed.

The MOFCOM and the SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (关于进一步加强、规范外商直接投资房地产业审批和监管的通知) (the "**No. 50 Notice**") on 23 May 2007. Under the No. 50 Notice, local commercial authorities should reinforce the approval and supervision process over foreign-invested real estate enterprises, and strictly control foreign funds from investing in high-end real estate development projects. In order to incorporate a foreign-invested real property company, the land use right and/or building ownership should have been obtained in advance, or at least a pre-transfer/purchase contract has been entered into with the relevant land administrative authorities, land developers, or the owner of the building or other constructions, otherwise the proposed incorporation of foreign-invested real estate company will not be approved by the authorities.

According to the Notice of the MOFCOM on Implementing Recording Work of Foreign Investment in Real Estate Sector (商务部关于做好外商投资房地产业备案工作的通知), effective from 1 July 2008 and the Circular of the MOFCOM and the SAFE on Improving the Recording Work of Foreign Investment in Real Estate Sector (商务部、外汇局关于改进外商投资房地产备案工作的通知) effective from 1 August 2014, after approving the issues of foreign investment in the real estate by law, the local competent commerce authorities submit the electronic materials which are originally reported to the MOFCOM for record to the provincial competent commerce authorities for checking; and the MOFCOM will randomly check on a weekly basis before the publication of foreign-invested real estate enterprises that complete the recording and thereafter each quarter whether the approval by its local counterparts are in compliance with relevant rules. According to

the Circular of the MOFCOM and the SAFE on Further Improving Record Work Related to Foreign Investment in Real Estate Sector (商务部外汇局关于进一步改进外商投资房地产备案工作的通知) effective from 6 November 2015, (i) the filing procedure with the MOFCOM is further simplified and the public announcement step for the filing with the MOFCOM has been cancelled by the MOFCOM, and (ii) the foreign invested real estate company may carry out foreign exchange registration procedures directly without the filing record with the MOFCOM upon the completion of (a) approval from the local competent commerce authorities and (b) submission of the real estate project's information by the local competent commerce authorities through the online management system of the MOFCOM.

On 22 November 2010, the Administrative Office of the MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Recording of Foreign Investment into Real Estate Industry (商务部办公厅关于加强外商投资房地产业审批备案管理的通知), whereby it is emphasised that speculative investments shall be restrained. Among other things, a foreign-invested real property company shall be prohibited from purchasing and selling real estate properties completed or under construction within the PRC for arbitrage purposes.

According to Circular of the SAFE on Printing and Distributing the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors and Relevant Supporting Documents (国家外汇管理局关于印发《外国投资者境内直接投资外汇管理规定》及配套文件的通知) promulgated on 11 May 2013, real estate foreign invested enterprises' foreign shareholders' increase of capital contribution, any equity transfer of foreign invested enterprises from Chinese investors to foreign investors, and foreign invested enterprises' expanding business scope to real estate development require proof of filing with the MOFCOM.

Under the Catalogue for the Guidance of Foreign Investment Industries (2015 version) (外商投资产业指导目录 (2015 年修订)) promulgated by the MOFCOM and the NDRC in 10 March 2015, (i) the construction and operation of golf courses and villas fall within the category of industries in which foreign investment is prohibited; and (ii) other real estate development falls within the category of industries in which foreign investment is permitted.

According to the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (国家外汇管理局关于改革外商投资企业外汇资本金结汇管理方式的通知) promulgated by SAFE on 30 March 2015 and effective from 1 June 2015, any foreign-invested companies other than those having been approved to engage in real property business shall not use its Renminbi funds converted from capital contribution in foreign exchange to purchase non-self-use real property in the PRC.

PRC PROPERTY LAW

The Land System

In the PRC, there are two kinds of land ownership, namely, state ownership and collective ownership. The urban lands are owned by the State and the rural and suburban lands, unless stipulated by laws to be owned by the State, are owned by collectives.

PRC law distinguishes between the ownership of land and the right to use land. Under such system, companies set up by local or foreign investors in the PRC can acquire the right to use the land owned by the State for their business purposes.

Lands in the PRC are also categorised by usage. A system of land usage control is implemented under PRC law. According to the Land Administration Law of the PRC (中华人民共和国土地管理法) (the "**Land Administration Law**") (revised in 2004), the State formulates overall planning of land utilisation, whereby lands are categorised as land for agriculture purpose, land for construction

purpose (including but not limited to industrial, commercial, tourism, entertainment, commodity housing development) and unexploited land. Land users shall use lands in accordance with approved usage.

According to the Property Law (物权法), effective from 1 October 2007, users of granted state-owned land for construction purposes have the rights to, in accordance with the laws, occupy, use, benefit from and mortgage the land owned by the State and to use such land to construct buildings, structure and facilities.

State-owned land for construction purpose can be further divided into two categories in terms of ways by which the land use right is obtained, that is, granted state-owned land for construction purpose and allocated state-owned land for construction purpose.

Under the Provisional Regulations on the Grant and Transfer of Urban State-owned Land Use Right (城镇国有土地使用权出让和暂行条例) effective from 19 May 1990, the grant of a state-owned land use right refers to the grant of a land use right by the State to a land user for a definite period subject to the payment of a land premium by the land user. Grant of land use right is further discussed in the paragraph titled "Grant of Land Use Right" below.

As defined in the Provisional Rules on Administration of Allocated Land Use Right (划拨土地使用权管理暂行办法) effective from 8 March 1992, "allocated land use right" refers to land use right obtained by ways other than grant of land use right. Usually the holder of allocated land use right is free from having to make payments of land premium. However, according to the Urban Real Estate Law (中华人民共和国城市房地产管理法), which was passed on 5 July 1994 and revised on 30 August 2007, allocation of land use right, subject to approval by the government, applies only when necessary and only to land use for the following purposes:

- land used for government offices and military site;
- land used for urban infrastructures and public welfare;
- land used for power generation, transportation, water resources and other projects which are vigorously supported by the State; and
- land used for other purposes specified by laws and regulations.

In addition to acquisition of land use rights, either granted or allocated, directly from competent land authorities, entities may also acquire land use rights by means of transfer of land use rights by current land users who have obtained land use rights. Please refer to the paragraphs titled "Transfer of Land Use Right" and "Transfer of Property" below for more details.

Grant of Land Use Right

According to the Urban Real Estate Management Law, a grant of the land use right shall be in line with the overall planning of land utilisation, urban planning and annual plan on land for construction purpose. Land use rights may be granted by agreement, public auction, tender or bidding.

Grant by Public Auction, Tender or Bidding (招标拍卖挂牌出让)

According to the Regulations on the Grant of State-owned Constructions Land Use Rights through Competitive Bidding, Public Auction and Public Tender (招标拍卖挂牌出让国有建设用地使用权规定), which was passed by the Ministry of Land and Resources on 3 April 2002, revised on 28 September 2007 and effective from 1 November 2007, grant of lands for operational use (including

industrial, commercial, tourism, entertainment and commodity housing development) or a plot of land with two or more prospective purchasers shall be subject to competitive bidding, public auction or public tender.

Under public auction, the buyer that offers the highest price wins the auction. Under public tender, the tenderer who best meets the comprehensive evaluation standard, or the tender who meets the material requirements of the tender and offers the highest price wins the tender. Under competitive bidding, the buyer who offers the highest price wins the bid, and if there is more than one buyer offering the same price, the buyer first offering that price wins the bid. The winner will sign the land use right grant contract with the competent land authority.

Upon signing of the land use right grant contract for the grant of land use right, the grantee is required to pay the land grant premium in accordance with the terms of the land use right grant contract. Once the land grant premium is paid in full, the grantee may apply for the issuance of a land use right certificate from the land authority evidencing the grant of land use right.

Grant by Bilateral Agreement (协议出让)

Pursuant to the Regulation on the Grant of Land Use Right Through Bilateral Agreement (协议出让国有土地使用权规定) promulgated by the Ministry of Land and Resources, which became effective on 1 August 2003, a land use right may be granted by way of a bilateral agreement between the relevant land authority and a grantee only if there are no laws, regulations or rules requiring it to be granted by means of competitive bidding, public auction or public tender. It is further provided that, if there is only one prospective land user on the plot of land to be granted, the land authority may grant the land use right through a bilateral agreement at a price not less than the minimum evaluated price approved by the authorised government authority with the exception of lands for operational use (including but not limited to commercial, tourism, entertainment and commodity housing development). Upon full payment of the land premium, the grantee may apply for registration with the local authority and obtain a land use right certificate evidencing the grant of the land use right.

Transfer of Land Use Right

According to the Property Law, the Urban Real Estate Management Law (城市房地产管理法) and the Regulations on the Management of Transfer of Urban Real Estate (城市房地产转让管理规定) promulgated by the Ministry of Construction on 7 August 1995, as amended on 15 August 2001, a user of land for construction purposes has the right to transfer, exchange, contribute, donate or mortgage the land use right, unless otherwise provided by PRC law. In case of transfer of land use right, buildings and other fixtures on the land shall be transferred together with the land use right.

The term of land use right for the transferred land is the original term granted under the land use right grant contract less the term which has been used by the original grantee/transferor.

A transfer of land use right must be evidenced by a written contract. Upon such transfer, all rights and obligations of the transferor contained in the original contract for the grant of land use right by the State shall be simultaneously transferred to the transferee. The transfer must be duly registered with the relevant local land authority and a new certificate of land use right will be issued. The original certificate of land use right will have to be surrendered.

Under the Urban Real Estate Management Law, transfer of land use right acquired by way of grant shall be subject to the following pre-conditions:

- the land grant premium must have been paid in full in accordance with the land use right grant contract and a certificate of land use right must have been obtained; and

- the investment in or development of such land must have been carried out in accordance with the land use right grant contract, evidenced by completion of 25.0% or more of total development amount in the case of construction of buildings or by satisfaction of industrial or other use conditions in the case of development of large parcels of land.

Termination of Land Use Right

A land use right will terminate upon the expiration of the term of the grant specified in the relevant land use right grant contract. Land use rights may also terminate upon reclamation of the land use right by the State or by loss of the land, etc.

Under the Urban Land Regulations, the maximum term of the land use right grant depends on the type of use of the land. Such term is generally as follows:

- up to 70 years for residential use;
- up to 50 years for industrial use;
- up to 50 years for education, science, culture, public health or physical education uses;
- up to 40 years for commercial, tourism and entertainment uses; and
- up to 50 years for mixed or other uses.

Generally the State shall not reclaim the granted land use right prior to expiration of the term of land use under the land use right grant contract. In exceptional circumstances, and if it is in the public interest to do so, the State has the right to reclaim the land use right of land for construction purpose in accordance with law. Meanwhile the State will offer compensation to the land user for the buildings and other fixtures on the land and refund part of the land grant premium accordingly pursuant to the Property Law and Regulations for the Expropriation of and Compensation for Housing on State-owned Land (国有土地上房屋征收与补偿条例).

According to the Property Law, upon expiry of the land use term, (i) the term of residential land use shall be automatically renewed; and (ii) the term of non-residential land use shall be handled in accordance with the laws and the ownership of buildings and other properties on such land shall be determined according to the contractual agreement; if there is no contractual agreement or it is not expressly agreed upon, the laws and administrative laws shall be applied.

Documentation of Title

According to the Property Law, the creation, change, transfer or extinguishment of real property rights shall come into effect upon registration and shall not have effect without registration unless otherwise provided by law. Nevertheless, the contracts between the parties regarding creation, change, transfer or extinguishment of real property rights shall come into effect upon offer and acceptance, and the effectiveness of the said contracts is not subject to registration of real property rights.

There are two types of title registrations in the PRC, namely land registration and building registration. According to the Measures on Land Registration (土地登记办法) promulgated by Ministry of Land and Resources on 30 December 2007, effective from 1 February 2008, land registration refers to the registration of land use right of state-owned land, land use right of collectively-owned land, mortgage right and easement and any other land rights onto a land register which is publicly disclosed. However, in practice, public searches on land registration may not be available without the cooperation of the land user. According to the Measures on Building

Registration (房屋登记办法) promulgated by the Ministry of Construction on 15 February 2008, effective from 1 July 2008, building registration refers to registration of rights to the building and any other requisite matters by building registration authorities onto a building register.

Many cities in the PRC, including Beijing, maintain the two different systems separately, and issue a Land Use Right Certificate and a Building Ownership Certificate separately. However, in Shenzhen, Guangzhou, Shanghai and some other major cities in the PRC, the two systems have been consolidated and a single composite Building and Land Use Right Certificate will be issued. Whether the two systems are separate or combined does not have any legal impact on the property rights. Besides, pursuant to the Property Law, the registers kept by the registration authorities shall be the basis of the real property rights and the certificates issued to the owner or right holder are evidentiary documents of the real property rights. In case of any discrepancy between a register and a certificate, the register shall prevail unless it has been proven by evidence that the register has an error.

Hangzhou, where the IPO Portfolio is located, maintains the two different systems separately. In the Hangzhou practice, as advised by the PRC Legal Advisers, the alteration registration of the Land Use Right Certificate and the Building Ownership Certificate are processes which are administered separately. Therefore, in a divestment of property located in Hangzhou, the transferee will have to complete (a) the alteration registration of the Land Use Right Certificate and be reflected as the new grantee of the land use right and (b) the alteration registration of the Building Ownership Certificate and be reflected as the new owner of the buildings.

Transfer of Property

Pursuant to the Regulations on the Management of Transfer of Urban Real Estate (城市房地产转让管理规定), a real property owner may transfer, exchange, contribute, donate or mortgage the real property owned by it. Article 147 of the Property Law states that where a building is transferred, the ownership of the building and underlying land use right shall be transferred simultaneously. Pursuant to Article 147, once the transferor transfers ownership of the building to the transferee, the transferor is not allowed to sell the underlying land use right separately to a third party, and the transferee has the right to ask the transferor to transfer the underlying land use right to him.

Transfer of ownership of the building shall also be subject to the conditions precedent as set forth in the paragraph titled "Transfer of Land Use Right". According to the Urban Real Estate Management Law, the following real property may not be transferred:

- real property for which the underlying land use right was acquired by way of grant but the pre-conditions for transfer of the granted land use right are not met;
- real property which was seized or the rights to which were restricted in any other form by a ruling or decision of judicial or administrative authorities in accordance with the law;
- jointly owned real property, if other joint owners have not given their consent;
- the title of the real property is disputable;
- real property which has not been registered and a title certificate of which has not been obtained; and
- other circumstances in which transfer is prohibited under laws and administrative regulations.

Leasing of Property

Leasing of urban real properties is governed by the Contract Law of the PRC (中华人民共和国合同法), the Urban Real Estate Management Law, the Measures on Administration of Lease of Commodity Buildings (商品房屋租赁管理办法) and other related laws. Under these laws and regulations, owners of buildings in the PRC are entitled to lease their buildings unless otherwise provided by law. The lease shall be filed with the real property administration authority at the municipal or county level within 30 days after the lease contract is entered into. Parties may be subject to administrative penalties if they fail to file the lease in a timely manner. Pursuant to the relevant regulations, the relevant authorities are required to first provide a notice and allow the lessor and/or the lessee to rectify the non-compliance within a certain period before imposing any such fine. If the parties do not rectify the non-compliance within the certain period, a fine ranging between RMB1,000 to RMB10,000 for each unregistered lease may be imposed on them. In the absence of such filing, the lease does not have any effect against third parties although it is still binding upon the parties to the lease. The term of lease may not be longer than 20 years, and any excess term will be void and invalid. If the lessor intends to sell out a leased property, it shall, within a reasonable time limit before the sale, notify the lessee and the lessee shall have a right of first refusal to buy the leased property on equal terms and conditions, unless the lessee waives such priority right. A lessee may, subject to written consent of the lessor, sub-lease the property to a third party. The building shall not be leased in the following circumstances:

- the building is constructed illegally;
- the building does not meet the mandatory standards on safety and disaster prevention;
- the usage of the buildings is changed in violation of the provisions; or
- other situations in which leasing is prohibited by the provisions of the laws and regulations.

Mortgage of Property

The grant of mortgages in the PRC is governed by the Property Law, the Guarantee Law of the PRC (中华人民共和国担保法) and the Administrative Measures on Mortgage of Urban Real Estate (城市房地产抵押管理办法) issued by the Ministry of Construction in 1997 and revised in 2001. Under these laws, all mortgage agreements must be in writing.

The validity of a mortgage depends on the validity of the mortgage contract, the validity of the secured principal contract unless otherwise stipulated in the mortgage contract and registration of the mortgage with the relevant authorities. Where ownership rights to a lawfully acquired building are mortgaged, the land use right for such building within the area of its occupancy shall be deemed to have been mortgaged together with the building/property simultaneously.

Management of Property

The State Council promulgated the Property Management Rules (物业管理条例) (the "**Property Management Rules**") on 8 June 2003 and revised it on 26 August 2007 and 6 February 2016. The Property Management Rules stipulate that owners in a common property management region shall organise an owners' meeting and elect and establish the owners' committee. However, owners will jointly exercise the duties of the owners' meeting and the owners' committee if there is only one owner or there are only a few owners who have unanimously agreed not to organise the owners' meeting.

Pursuant to the Property Management Rules, the quorum for an owners' meeting requires owners representing more than 50.0% of owners (one independent unit represents one owner) with their floor areas accounting for more than 50.0% of the GFA within the common property management region. The following matters shall only be passed by two-third of owners with their floor areas accounting for two-third of the GFA in respect of the property:

- collecting and utilising special maintenance fund; and
- alteration, reconstruction of building and its facilities.

Under the Measures on Administration of Qualifications of Property Service Enterprises (物业服务企业资质管理办法) revised by the Ministry of Construction on 26 November 2007, a property service enterprise shall apply for qualification with the competent authority according to the measures. The relevant authority will issue a qualified property service enterprise with a qualification certificate evidencing the qualification classification. No enterprise may provide property services without such qualification.

Service charges comprise the property service cost and the property service enterprise's remuneration. The exact amount of service charges payable to a property service enterprise as remuneration may be agreed by the parties by reference to the two methods. According to the Rules on Property Service Fees (物业服务收费管理办法) jointly promulgated by the NDRC and the Ministry of Construction on 13 November 2003, the extra amount of service charges payable to property service enterprise as remuneration may be entered into between the owners and property management enterprises by reference to a fixed management fee (包干制) or a percentage based management fee (酬金制).

PRC COMPANY LAW

The Company Law of the PRC ("**Company Law**"), which was passed on 29 December 1993 and revised on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively and effective from 1 March 2014, governs two types of companies incorporated in the PRC, namely limited liability companies and joint stock limited companies. The liability of shareholders of a limited liability company is limited to the extent of the amount of capital subscribed by them and the company is liable to its creditors to the full amount of the assets owned by it. The liability of shareholders of joint stock limited companies is limited to the extent of the amount of shares subscribed by them and the company is liable to its creditors to the full amount of the assets owned by it. Both types of companies have legal personality.

The Company Law applies to foreign investment enterprises, including Sino-foreign equity joint venture, Sino-foreign contractual joint venture and wholly foreign-owned enterprise, unless expressly otherwise provided by the Law of the PRC on Sino-Foreign Equity Joint Venture (中华人民共和国中外合资经营企业法), the Law of the PRC on Sino-Foreign Contractual Joint Venture (中华人民共和国中外合作经营企业法) and the Law of the PRC on Wholly Foreign-owned Enterprises (中华人民共和国外资企业法) (hereinafter collectively "**Laws on FIE**").

Pursuant to the Company Law, the Laws on FIE and their respective implementation regulations or rules, the after-tax profit of an FIE for a given year shall be allocated according to the following sequences:

- if the statutory common reserve is insufficient to make up its losses of the previous years, such losses shall be made up from the profit for the current year firstly;

- allocate certain percentage of the after-tax profit to the reserve funds, the employee incentive and welfare funds and the enterprise development funds. In the case of EJV, the percentage shall be decided by its board of directors; in the case of WFOE, it shall allocate 10.0% of the after-tax profit to its reserve fund until the aggregate amount of such reserve exceeds 50.0% of its registered capital while the percentage for the employee incentive and welfare funds and the enterprise development funds being decided by itself; and

- make profit distribution to its shareholder(s).

Article 71 of the PRC Company Law (2013 Revision)

Article 71 of the Company Law (2013 Revision) provides that a shareholder of a limited liability company who proposes to transfer its equity interests in the limited liability company to a person other than the other shareholder, the selling partner, as a shareholder, shall have to obtain the consent of more than half of the other shareholders (i.e. based on the number of shareholders and not percentage holding of equity interests) of the limited liability company. If more than half of the other shareholders do not consent to the transfer, the dissenting shareholders shall purchase the equity interests to be transferred. If they do not purchase the equity interests, they shall be deemed to consent to the transfer.

TAXATION

The following summary of certain tax consequences in Singapore and the PRC of the purchase, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to apply to all categories of investors, some of which may be subject to special rules. Investors should consult their own tax advisers concerning the application of Singapore and the PRC tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other tax jurisdictions.

SINGAPORE TAXATION

Taxation of EC World REIT

Interest and Dividends Receivable by EC World REIT

The Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on income of EC World REIT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore ("**Taxable Income**") within the meaning of the Income Tax Act, Chapter 134 of Singapore ("**SITA**"). Such Taxable Income would comprise interest income received from Singapore Holding Companies, interest income arising from bank deposits placed with financial institutions in Singapore or interest income received in Singapore from financial institutions outside Singapore. The current Singapore corporate tax rate is 17.0%.

Dividends receivable by EC World REIT from the Singapore Holding Companies are one-tier exempt dividends. This means that the Trustee will not be taxed on dividend income distributed by the Singapore Holding Companies resident in Singapore.

Tax exempt dividends received from the Singapore Holding Companies will be referred to as Tax Exempt Income.

Return of Capital and Principal Repayment of Shareholder's Loans by the Singapore Holding Companies

The amounts received by EC World REIT for return of capital and principal repayment of shareholder's loans are capital in nature and are hence not taxable in the hands of the Trustee.

Gains on disposal of shares in the Singapore Holding Companies

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the Singapore Holding Companies, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. Such gains may also be liable to tax in the hands of the Trustee if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in the Singapore Holding Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Trustee.

Goods and Services Tax ("GST") Registration of EC World REIT

To the extent that EC World REIT only derives dividend and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

Recovery of GST incurred by EC World REIT

GST would be incurred by EC World REIT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for S-REITs to claim GST incurred:

- on the setting up of their various tiers of SPVs that hold non-residential properties; and
- by their SPVs on the acquisition and holding of non-residential properties.

In the Singapore Budget 2015, the Minister for Finance announced a further enhancement on the GST concession to allow S-REITs to claim GST on expenses incurred to set up SPVs used solely to raise funds for the S-REITs, and the SPVs do not hold qualifying assets of the S-REITs, directly or indirectly. These S-REITs will also be allowed to claim GST on the business expenses of such SPVs.

The above GST concessions will expire on 31 March 2020 and is subject to meeting certain qualifying conditions.

Taxation of the Singapore Holding Companies

Interest and Dividends Receivable by the Singapore Holding Companies

Pursuant to tax rulings obtained from the IRAS, the Singapore Holding Companies receiving interest income from the PRC Property Companies will be exempt from Singapore income tax under Section 13(12A) of the SITA on such interest. The exemption is subject to conditions.

Provided the Singapore Holding Companies are tax residents of Singapore for income tax purposes, the Singapore Holding Companies should also be exempt from Singapore income tax under Section 13(8) of the SITA on the dividends received from the PRC Property Companies on the basis that the underlying income is subject to income tax and withholding tax in the PRC and the highest rate of profits tax rate in the PRC at the time the income is received in Singapore is not less than 15.0%.

Return of Capital and Principal Repayment of Shareholder's Loans by the PRC Property Companies

The amounts received by the Singapore Holding Companies for return of capital and principal repayment of shareholder's loans are capital in nature and are hence not taxable in the hands of the Singapore Holding Companies.

Gains on disposal of shares in the PRC Property Companies

Singapore does not impose tax on capital gains. In the event that the Singapore Holding Companies dispose of shares in the PRC Property Companies, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business carried on in Singapore. Such gains may also be liable to tax in the hands of the Singapore Holding Companies if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in the PRC Property Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Singapore Holding Companies.

GST Registration of the Singapore Holding Companies

To the extent that the Singapore Holding Companies only derive dividend and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

Hence, any GST on expenses incurred by the Singapore Holding Companies in Singapore will not be recoverable by the Singapore Holding Companies if they are not registered for GST.

Taxation of Unitholders

Distributions out of Taxable Income

Unitholders will not be subject to Singapore income tax on distributions made out of EC World REIT's income that has been taxed at the Trustee level. Accordingly, distributions made by EC World REIT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.

Distributions out of Tax Exempt Income

Unitholders will not be subject to Singapore income tax on distributions made out of EC World REIT's Tax Exempt Income. No tax will be deducted at source on such distributions.

Distributions out of Return of Capital and Principal Repayment of Shareholder's Loans from the Singapore Holding Companies

Unitholders will not be subject to Singapore income tax on distributions made by EC World REIT out of its capital receipts, such as return of capital or principal repayment of shareholder's loans from the Singapore Holding Companies. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading assets and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when the Units are disposed of. If the amount (being the distributions made by EC World REIT out of its capital receipts) exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

Distributions out of Gains from the Disposal of Shares in the Singapore Holding Companies

Unitholders will not be subject to Singapore income tax on distributions made by EC World REIT out of gains from the disposal of shares in the Singapore Holding Companies if the gains are considered to be capital in nature.

Gains derived by the Trustee from the disposal of shares in the Singapore Holding Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax on the Trustee.

Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

Disposal of the Units

Singapore does not impose tax on capital gains. Therefore, any gains on disposal of the Units which are capital in nature are not liable to Singapore income tax. However, if the gains are considered income of a trade or business carried on in Singapore, such gains will be liable to Singapore income tax. Such gains may also be considered income in nature if the intention of the Unitholder was not to hold the Units as long-term investments.

As the tax status of a Unitholder may vary from another, Unitholders are advised to consult their own tax advisers on the tax consequences that may apply to the holding and disposal of the Units.

Stamp Duty

Stamp duty will not be imposed on instruments relating to the transfer of the Units.

GST on Issue and Transfer of the Units

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units in EC World REIT. The subsequent disposal of the Units in EC World REIT by a GST-registered Unitholder through the SGX-ST (where buyer's identity is not known) or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange (where buyer's identity is not known) or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.

Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units in EC World REIT would be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Unitholders in EC World REIT is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice from their tax advisors on these conditions.

PRC TAXATION

Taxation of the Singapore Holding Companies and the PRC Property Companies

PRC Income Tax

Under the PRC Corporate Income Tax Law (中华人民共和国企业所得税法) and its implementation rules that became effective on 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC are subject to withholding tax at the rate of 10.0% on various types of passive income, including rental income, interest income and capital gains, derived from the PRC.

The Singapore Holding Companies are currently treated as having no business establishment in the PRC. As such, interest income derived by the Singapore Holding Companies will be subject to PRC withholding income tax at the rate of 10.0%, unless there is a tax treaty between the PRC and the jurisdiction in which the Singapore Holding Companies are tax resident, which specifically exempts or reduces such withholding tax.

Under the PRC Corporate Income Tax Law and its implementation rules, the standard income tax rate of 25.0% should be applied to FIEs as well as PRC domestic enterprises, while dividends earned after 1 January 2008 paid by PRC FIEs to their non-PRC parent companies will be subject to a 10.0% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent is tax resident, which specifically exempts or reduces such withholding tax.

According to the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Double Taxation Agreements (国家税务总局关于如何理解和认定税收协定中 "受益所有人" 的通知) promulgated by SAT on 27 October 2009 and effective from 27 October 2009, tax treaty benefits are applicable to "beneficial owner" and the term refers mainly to a person who has the right to own and dispose of the income and the rights or properties generating the said income. The "beneficial owner" may be an individual, a company or any other organisation which is usually engaged in substantial business operations. An agent, a conduit company or a shell company without business substance is not a "beneficial owner".

In line with the above, it is expected that the PRC Property Companies will be subject to tax on its taxable income, currently at a rate of 25.0%. Where the Singapore Holding Companies may rely on the tax treaty between the PRC and Singapore and are considered as the "beneficial owner" of the dividends, the withholding tax rate for dividends would be 5.0%. Otherwise, a 10.0% withholding rate will apply to any dividends paid by the PRC Property Companies to the Singapore Holding Companies.

Value-added Tax

Value-added tax is payable in respect of provision of services, intellectual properties or immovable properties in the PRC as set out in the Notice Jointly Issued by the MOF and SAT on the Comprehensive Roll-out of the B2V Transformation Pilot Program ("**Circular 36**") (财政部、国家税务总局关于全面推开营业税改征增值税试点的通知), which was promulgated on 23 March 2016. Further to Circular 36, value-added tax treatment for general value-added tax taxpayers, small-scale tax payers and individuals to operate the leasing services of immovable properties, which are acquired both before and after 1 May 2016, is clarified as set out in the Public Notice Issued by the SAT Releasing the <Provisional Measures on the Value-added Tax Collection and Administration for Operation of Leasing Services for Immovable Properties> ("**Public Notice 16**") (国家税务总局关于发布《纳税人提供不动产经营租赁服务增值税征收管理暂行办法》的公告), which was promulgated on 31 March 2016. Leasing of immovable properties is generally subject to the general value-added tax method at a tax rate of 11.0% on the total sales considerations and additional fees received with input value-added tax credit claim, while for immovable properties acquired before 1 May 2016, the simplified value-added tax method can be elected at a reduced tax rate of 5.0% without input value-added tax credit claim. Interest income is generally subject to value-added tax at 6.0%. Deposit interest income is exempt from value-added tax.

The PRC Property Companies and the Singapore Holding Companies should be subject to value-added tax at 5.0% on the total rental income if the simplified value-added tax method is elected and interest income at 6.0% (if any), respectively, derived from the PRC. The said total rental income should include all the payments and surcharges received by the PRC Property Companies.

Real Estate Tax

According to the PRC Tentative Regulations on Real Estate Tax (中华人民共和国房产税暂行条例), which was promulgated by the State Council on 15 September 1986 and effective from 1 October 1986 and as amended on 8 January 2011, and the real estate tax practice in Hangzhou, the PRC

Property Companies should be liable for real estate tax at 1.2% on the 70.0% of the book value of the property when it is for self-use. Alternatively, tax may be assessed at 4.8% of the rental income according to the tax practice in Hangzhou.

Land Use Tax

Pursuant to the PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council on 27 September 1988 and effective from 1 November 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. Currently, the land use tax is between RMB1.50 and RMB30.0 per sq m per annum in respect of land located in metropolitan area, including Hangzhou. For land within the area of urban and town in Hangzhou, the applicable land use tax is currently between RMB2.00 and RMB12.00 per sq m per annum.

Stamp Duty

Under the PRC Tentative Regulations on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council on 6 August 1988 and effective from 1 October 1988 and as amended on 8 January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the stamp duty is charged at 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis at RMB5 per document. For building leases, the stamp duty rate is 0.1% of the rental, and for construction and installation project contracts, the stamp duty rate is 0.03% of the amount stated therein. The stamp duty is payable by both parties to the contracts.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the PRC. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sale of commercial properties.

Urban Maintenance and Construction Tax and Education Surcharge

Under the PRC Interim Regulations on Urban Maintenance and Construction Tax (中华人民共和国城市维护建设税暂行条例) promulgated by the State Council on 8 February 1985 as amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of consumption tax or value-added tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose

domicile is in a county and a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax or value-added tax which has been paid by such taxpayer.

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附件的暂行规定) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax or value-added tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice issued by the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax or value-added tax which has been paid by such taxpayer.

According to the PRC Education Law issued on 18 March 1995, provincial governments are empowered to collect local education surcharge. Under the Notice Concerning Unification of Local Education Surcharge Policy (关于统一地方教育附加政策有关问题的通知) issued by the Ministry of Finance of the PRC on 7 November 2010, local education surcharge rate shall be unified to 2.0% of the consumption tax or value-added tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (国务院关于教育费附加征收问题的补充通知) issued by the State Council on 12 October 1994, the Circular Concerning Temporary Exemption from Urban Maintenance and Construction Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (国家税务总局关于外商投资企业和外国企业暂不征收城市维护建设税和教育附加的通知), and the Approval on Exemption of Urban Maintenance and Construction Tax and Education Surcharge in Foreign-invested Freightage Enterprises (国家税务总局关于外商投资货物运输企业免征收城市维护建设税和教育费附加问题的批复) issued by the SAT on 25 February 1994 and on 14 September 2005 respectively (which now have been invalidated), neither the urban maintenance and construction tax nor the education surcharge shall be applicable to FIEs until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Urban Maintenance and Construction Tax and Education Surcharge System of Domestic Enterprises, Foreign-invested Enterprises and Individuals (国务院关于统一内外资企业和个人城市维护建设税和教育费附加制度的通知) issued by the State Council on 18 October 2010, and the Notice on Enhancement of Finance Investment in Education (国务院关于进一步加大财政教育投入的意见) issued by the State Council on 29 June 2011, both the urban maintenance and construction tax and education surcharge (including local education surcharge) shall be applicable to FIE from 1 December 2010 onwards.

Accordingly, the Singapore Holding Companies and the PRC Property Companies should be liable for urban maintenance and construction tax, education surcharge and local education surcharge on their consumption tax or value-added tax paid at the rates of 7.0%, 3.0% and 2.0%, respectively.

PRC Tax Reporting Requirement and Consequences for Certain Indirect Transfers of Equity Interests

Pursuant to the Notice on Strengthening Administration of Corporate Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by SAT (国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知) on 10 December 2009 (effective 1 January 2008), the Announcement on Corporate Income Tax Administration on Non-PRC Resident Enterprises issued by the PRC State Administration of Taxation (国家税务总局关于非居民企业所得税管理若干问题的公告) on 28 March 2011, and Public Notice of the State Administration of Taxation Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (国家税务总局关于非居民企业间接转让财产企业所得税若干问题的公告) on 3 February 2015, where a

non-PRC resident enterprise transfers the equity interests in a PRC resident enterprise (excluding the sale of the shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets) indirectly by way of the sale of equity interests in an overseas holding company without a reasonable commercial purpose and resulting in the avoidance of Corporate Income Tax liability, as self-assessed, the non-PRC resident enterprise should report and pay relevant Corporate Income Tax, i.e. gains derived from such indirect transfer will be subject to PRC withholding tax currently at the rate of 10.0%, with competent China tax authority. If the non-PRC resident enterprise cannot come to any position whether the transfer should be re-characterised as a "direct transfer" after its self-assessment, the non-PRC resident enterprise, the equity transferee and the indirectly transferred PRC resident enterprise may report such indirect transfer to the competent tax authority of the PRC resident enterprise within 30 days of the signing of the equity transfer agreement for such indirect transfer. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the non-PRC resident enterprise has adopted an abusive arrangement without reasonable commercial purposes and in order to avoid PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax currently at the rate of 10.0%.

In the event of a disposal of the shares in the relevant Singapore Holding Companies which results in a transfer of the equity interests in the PRC Property Companies, the transferor may be required to report such transfers to the PRC tax authority. The gains arising from such indirect transfers may potentially be subject to tax in the PRC, currently at the rate of 10.0%. Under the current laws and regulations, the above reporting requirements and tax implications do not technically apply to an indirect transfer of interest in real estate in the PRC although there can be no assurance that the laws and regulations may not change.

Taxation of Unitholders

PRC Tax Reporting Requirement and Consequences for Certain Indirect Transfers of Equity Interests

As noted above, the PRC tax reporting requirements for indirect transfers of equity interests do not apply to indirect sales of shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets. The relevant notice and announcement issued by the PRC authorities do not specify whether purchases through initial public offering would constitute "purchases from public securities market". However, a general guideline in the announcement makes reference to situations where the seller is unable to identify or fix the price, or where the seller cannot determine who the buyer is or volume of shares bought and sold as being "purchases from the public securities markets". Accordingly, in line with the general guideline, the initial subscription of units by unitholders would appear to be considered "purchases from public securities market", which is subject to agreement by the PRC authorities. Unitholders should consult their own tax advisers relating to their particular circumstances.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE UNITS IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

PLAN OF DISTRIBUTION

The Manager is offering 188,125,600 Units (representing 24.2% of the total number of Units in issue after the Offering) for subscription at the Offering Price under the Placement Tranche and the Public Offer. 180,625,600 Units will be offered under the Placement Tranche and 7,500,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement Tranche and the Public Offer at the discretion of the Joint Bookrunners and Underwriters (in consultation with the Manager, subject to the minimum unitholding and distribution requirements of the SGX-ST) in the event of an excess of applications in one and a deficit in the other.

The Public Offer is open to members of the public in Singapore. Under the Placement Tranche, the Manager intends to offer the Units by way of an international placement through the Joint Bookrunners and Underwriters to investors, including institutional and other investors in Singapore and elsewhere, in reliance on Regulation S.

Subject to the terms and conditions set forth in the Underwriting Agreement entered into between the Joint Bookrunners and Underwriters, the Manager and the Sponsor on 20 July 2016, the Manager is expected to effect for the account of EC World REIT the issue of, and the Joint Bookrunners and Underwriters is expected to procure subscribers, and failing which to subscribe, for 427,631,600 Units (which includes the Units to be issued pursuant to the Offering and the Cornerstone Units), in the proportions set forth opposite their respective names below:

Joint Bookrunners and Underwriters	Number of Units
DBS Bank Ltd.	390,006,480
Bank of China Limited, Singapore Branch	9,406,280
China International Capital Corporation (Singapore) Pte. Limited	9,406,280
Maybank Kim Eng Securities Pte. Ltd.	18,812,560
TOTAL	**427,631,600**

The Offering Price per Unit in the Placement Tranche and the Public Offer will be identical.

The Offering Price will be determined, following a book-building process, by agreement between the Joint Bookrunners and Underwriters and the Manager. Among the factors that will be considered in determining the Offering Price are the level of investor demand for the Units and the prevailing market conditions in the securities markets.

The Manager and the Sponsor have agreed in the Underwriting Agreement to indemnify, among others, the Joint Bookrunners and Underwriters against certain liabilities. The Underwriting Agreement contains a contribution clause which provides that where the indemnification from the Manager or the Sponsor is unavailable to or is insufficient to hold harmless, among others, the Joint Bookrunners and Underwriters in respect of any losses, claims, damages or liabilities (or actions in respect thereof), then the Manager and the Sponsor shall contribute to the amount paid or payable by, among others, the Joint Bookrunners and Underwriters as a result of such losses, claims, damages or liabilities (or actions in respect thereof) (a) in such proportion as is appropriate to reflect the relative benefits received by the Manager or the Sponsor, as the case may be, on the one hand and the Joint Bookrunners and Underwriters on the other from the offering of the Units, or (b) if the allocation provided by (a) above is not permitted by applicable law, then the Manager and the Sponsor shall contribute to such amount paid or payable by, among others, the Joint Bookrunners and Underwriters in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Manager or the Sponsor, as the case may be, on the one hand and the Joint Bookrunners and Underwriters on the other in connection with the

statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Manager or the Sponsor, as the case may be, on the one hand and the Joint Bookrunners and Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds received by the Manager (before deducting expenses) from the offering of the Units subscribed for or purchased under the Underwriting Agreement bear to the total underwriting discounts and commissions received by the Joint Bookrunners and Underwriters with respect to the Units subscribed for or purchased under the Underwriting Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Manager or the Sponsor on the one hand and the Joint Bookrunners and Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. No Joint Bookrunners and Underwriters shall be required to contribute any amount in excess of the amount which the total price at which the Units underwritten by it and distributed to the public were offered to investors exceeds the amount of any damages which such Joint Bookrunners and Underwriters has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The Underwriting Agreement also provides for the obligations of the Joint Bookrunners and Underwriters to severally subscribe or procure the subscription for the Units in the Offering subject to certain conditions contained in the Underwriting Agreement.

The Underwriting Agreement may be terminated by the Joint Bookrunners and Underwriters at any time prior to issue and delivery of the underwritten Units or the sale and purchase of any Units subject to the Over-Allotment Option, upon the occurrence of certain events including, among others, certain force majeure events pursuant to the terms of the Underwriting Agreement.

Each of the Joint Bookrunners and Underwriters and its associates may engage in transactions with, and perform services for, the Trustee, the Manager, the Sponsor, EC World REIT and substantial Unitholders in the ordinary course of business and have engaged, and may in the future engage, in commercial banking, investment banking transactions and/or other commercial transactions with the Trustee, the Manager, the Sponsor, EC World REIT and certain substantial Unitholders, for which they have received or made payment of, or may in the future receive or make payment of, customary compensation.

Each of the Joint Bookrunners and Underwriters and its associates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers in the ordinary course of business, and such investment and securities activities may involve securities and instruments, including Units. The Joint Bookrunners and Underwriters and its associates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to their clients that they acquire, long and/or short positions in such securities and instruments.

OVER-ALLOTMENT AND STABILISATION

The Unit Lender has granted the Over-Allotment Option, exercisable by the Stabilising Manager, to the Joint Bookrunners and Underwriters for the purchase of up to an aggregate of 31,100,500 Units at the Offering Price. The number of Units subject to the Over-Allotment Option will not be more than 16.6% of the total number of Units under the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may exercise the Over-Allotment Option in full or in part, on one or more occasions, only from the Listing Date but no later than the earlier of (i) the date falling 30 days from the Listing Date; or (ii) the date when

the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) has bought, on the SGX-ST, an aggregate of 31,100,500 Units, representing not more than 16.6% of the total number of Units in the Offering, to undertake stabilising actions to purchase up to an aggregate of 31,100,500 Units (representing not more than 16.6% of the total number of Units in the Offering). In connection with the Over-Allotment Option, the Stabilising Manager and the Unit Lender have entered into a unit lending agreement (the "**Unit Lending Agreement**") dated 20 July 2016 pursuant to which the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may borrow up to an aggregate of 31,100,500 Units from the Unit Lender for the purpose of facilitating settlement of the over-allotment of Units in connection with the Offering. The Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will re-deliver to the Unit Lender such number of Units which have not been purchased pursuant to the exercise of the Over-Allotment Option. The Unit Lending Agreement includes a right for the Unit Lender to recall Units lent under such agreement by giving seven days prior written notice to the Stabilising Manager. In the event that this right is exercised by the Unit Lender, it is possible that the Stabilising Manager may not be able to stabilise the market price of the Units.

(See "Risk Factors – Risks Relating to an Investment in the Units – The terms of the unit lending agreement may restrict the Stabilising Manager's ability to undertake stabilisation".)

In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) may, at its discretion, over-allot or effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Any profit after expenses derived, or any loss sustained as a consequence of the exercise of the Over-Allotment Option or the undertaking of any stabilising activities shall be for the account of the Sole Financial Adviser, Global Coordinator and Issue Manager.

None of the Manager, the Sponsor, the Unit Lender, the Joint Bookrunners and Underwriters or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Manager, the Sponsor, the Unit Lender, the Joint Bookrunners and Underwriters or the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) makes any representation that the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager), not later than 12 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising action and the number of Units in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising action.

LOCK-UP ARRANGEMENTS

The Sponsor

Subject to the exceptions described below, the Sponsor has agreed with the Joint Bookrunners and Underwriters that it will not, for the period commencing from the date of issuance of the Units until the date falling 12 months after the Listing Date (both dates inclusive) Lock-up Period (the "**Lock-up Period**"), without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, transfer, encumber or otherwise dispose of any or all of its effective interest in the shares of Forchn Investments (Singapore) Pte. Ltd. (or any securities convertible or exchangeable for any shares of Forchn Investments (Singapore) Pte. Ltd. or which carry rights to subscribe for or purchase any shares of Forchn Investments (Singapore) Pte. Ltd. or part thereof);

- enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing;

- deposit any or all of its effective interest in the shares of Forchn Investments (Singapore) Pte. Ltd. (or any securities convertible or exchangeable for shares of Forchn Investments (Singapore) Pte. Ltd. or which carry rights to subscribe for or purchase shares of Forchn Investments (Singapore) Pte. Ltd. or part thereof) in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraphs shall not apply to prohibit the Sponsor from:

- the creation of a charge over the shares of Forchn Investments (Singapore) Pte. Ltd. or otherwise grant of security over or creation of any encumbrance over the shares of Forchn Investments (Singapore) Pte. Ltd., provided that such charge, security or encumbrance cannot be enforced over any shares of Forchn Investments (Singapore) Pte. Ltd. during the Lock-up Period; and

- the transfer of any of the shares of Forchn Investments (Singapore) Pte. Ltd. to or between entities which are wholly-owned by the Sponsor (each, a "**Sponsor Subsidiary**") provided that the Sponsor has procured that each such Sponsor Subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that such entity will undertake to comply with the restrictions described in the preceding paragraph, to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by 1 August 2016, the lock-up arrangements described above will be terminated.

Forchn Investments (Singapore) Pte. Ltd.

Subject to the exceptions described below, Forchn Investments (Singapore) Pte. Ltd. has agreed with the Joint Bookrunners and Underwriters that it will not, for the Lock-up Period, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, transfer, encumber or otherwise dispose of any or all of the Lock-up Units (or any securities convertible or exchangeable for any Lock-up Units or which carry rights to subscribe for or purchase any Lock-up Units or part thereof);

- enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing;

- deposit any Lock-up Units (or any securities convertible or exchangeable for Lock-up Units or part thereof or which carry rights to subscribe for or purchase Lock-up Units or part thereof) in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraphs shall not apply to prohibit Forchn Investments (Singapore) Pte. Ltd. from:

- the creation of a charge over the Lock-up Units or otherwise grant security over or create any encumbrance over the Lock-up Units, provided that such charge, security or encumbrance can only be enforced in respect of the Lock-up Units after the Lockup Period;

- the entry into any unit lending arrangement with the Joint Bookrunners and Underwriters pursuant to the exercise of an over-allotment option granted by the Unit Lender to the Joint Bookrunners and Underwriters; and

- the transfer of any Lock-up Units to and between Sponsor Subsidiaries, provided that the Sponsor has procured that such Sponsor Subsidiary has executed and delivered to the Joint Bookrunners and Underwriters an undertaking to the effect that it will undertake to comply with the restrictions described in the preceding paragraph, to remain in effect for the unexpired period of the Lock-up Period.

If, for any reason, the Offering is not completed by 1 August 2016, the lock-up arrangements described above will be terminated.

The Manager

Subject to the exceptions described below, the Manager has agreed with the Joint Bookrunners and Underwriters that it will not, for the Lock-up Period, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, transfer, encumber or otherwise dispose of any of the Units (or any securities convertible into or exchangeable for any Units or which carry rights to subscribe for or purchase any Units or part thereof);

- enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing;

- deposit any or all of its effective interest in Units (or any securities convertible into or exchangeable for any Units or part thereof or which carry rights to subscribe for or purchase any such Units or part thereof) in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to the issuance of (i) Units to be offered under the Offering; (ii) the Sponsor Units; (iii) the Cornerstone Units; (iv) Units to the Manager in payment of any fees payable to the Manager under the Trust Deed and (if applicable) Units which may be issued to the Property Manager in payment of any fees payable to the Property Manager under the property management agreements. Additionally, the restrictions described in the preceding paragraphs do not prohibit the Manager from selling, contracting to sell, granting security over, encumbering or otherwise disposing of any Units issued to it in satisfaction of any fees payable to the Manager under the Trust Deed and the Units held by Madam Wang Guoli which are expected to be fully redeemed in cash by the Manager on the Listing Date.

If, for any reason, the Offering is not completed by 1 August 2016, the lock-up arrangements described above will be terminated.

Mr Zhang Guobiao

Subject to the exceptions described below, Mr Zhang Guobiao has agreed with the Joint Bookrunners and Underwriters that he will not, for the Lock-up Period, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, transfer, encumber or otherwise dispose of any or all of his effective interest in the shares of the Sponsor (or any securities convertible into or exchangeable for any shares of the Sponsor or part thereof or which carry rights to subscribe for or purchase any such shares of the Sponsor or part thereof);

- enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing;

- deposit any or all of his effective interest in the shares of the Sponsor or part thereof or which carry rights to subscribe for or purchase any shares of the Sponsor or part thereof) in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to (i) the creation of a charge over the shares of the Sponsor or otherwise grant of security over or creation of any encumbrance over the shares of the Sponsor, provided that such charge, security or encumbrance cannot be enforced over any shares of the Sponsor during the Lock-up Period; and (ii) the transfer of shares

of the Sponsor between wholly-owned entities of Mr Zhang Guobiao, provided that Mr Zhang Guobiao procures that each such subsidiary gives a similar undertaking for the remainder of the Lock-up Period.

If, for any reason, the Offering is not completed by 1 August 2016, the lock-up arrangements described above will be terminated.

Mr Zhang Zhangsheng

Subject to the exceptions described below, Mr Zhang Zhangsheng has agreed with the Joint Bookrunners and Underwriters that he will not, for the Lock-up Period, without the prior written consent of the Joint Bookrunners and Underwriters (such consent not to be unreasonably withheld or delayed), directly or indirectly:

- offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, transfer, encumber or otherwise dispose of any or all of his effective interest in the shares of the Sponsor (or any securities convertible into or exchangeable for such shares of the Sponsor or part thereof or which carry rights to subscribe for or purchase any such shares of the Sponsor or part thereof);

- enter into any transaction (including a derivative transaction) with a similar economic effect to the foregoing;

- deposit any or all of his effective interest in the shares of the Sponsor (or any securities convertible or exchangeable for any such shares of the Sponsor or part thereof or which carry rights to subscribe for or purchase any shares of the Sponsor or part thereof) in any depository receipt facility;

- enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

- publicly announce any intention to do any of the above.

The restrictions described in the preceding paragraph do not apply to (i) the creation of a charge over the shares of the Sponsor or otherwise grant of security over or creation of any encumbrance over the shares of the Sponsor, provided that such charge, security or encumbrance cannot be enforced over any shares of the Sponsor during the Lock-up Period; and (ii) the transfer of shares of the Sponsor between wholly-owned subsidiaries of Mr Zhang Zhangsheng, provided that Mr Zhang Zhangsheng procures that each such subsidiary gives a similar undertaking for the remainder of the Lock-up Period.

If, for any reason, the Offering is not completed by 1 August 2016, the lock-up arrangements described above will be terminated.

SGX-ST LISTING

EC World REIT has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, EC World REIT, the Manager, the Trustee or the Units. It is expected that the Units will commence trading on the SGX-ST on a “ready” basis on or about 28 July 2016.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price.

(See "Risk Factors – Risks Relating to an Investment in the Units – The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units" for further details.)

ISSUE EXPENSES

The estimated amount of the expenses in relation to the Offering and the issuance of the Sponsor Units and the Cornerstone Units of S$29.6 million includes the Underwriting, Selling and Management Commission, professional and other fees and all other incidental expenses in relation to the Offering and the issuance of the Sponsor Units and the Cornerstone Units, which will be borne by EC World REIT. A breakdown of these estimated expenses is as follows[(1)]:

	(S$'000)
Professional and other fees[(2)]	19,541
Underwriting, Selling and Management Commission[(3)]	7,681
Miscellaneous Offering expenses[(4)]	2,375
TOTAL ESTIMATED EXPENSES OF THE OFFERING AND THE ISSUANCE OF THE SPONSOR UNITS AND THE CORNERSTONE UNITS	**29,597**

Notes:

(1) Amounts exclude GST where applicable.

(2) Includes advisory fees, debt upfront fees, solicitors' fees and fees for the Reporting Auditor, the Independent Tax Adviser, the Independent Valuers, the Independent Market Research Consultant and other professionals' fees and other expenses.

(3) Such commission represents a maximum of 1.3% of the total amount of the Offering and the proceeds raised from the issuance of the Sponsor Units and the Cornerstone Units.

(4) Includes cost of prospectus production, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issuance of the Sponsor Units and the Cornerstone Units.

DISTRIBUTION AND SELLING RESTRICTIONS

None of the Manager, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager or the Joint Bookrunners and Underwriters have taken any action, or will take any action, in any jurisdiction other than Singapore that would permit a public offering of Units, or the possession, circulation or distribution of this Prospectus or any other material relating to the Offering in any jurisdiction other than Singapore where action for that purpose is required.

Accordingly, each purchaser of the Units may not offer or sell, directly or indirectly, any Units and may not distribute or publish this Prospectus or any other offering material or advertisements in connection with the Units in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

Each purchaser of the Units is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the following jurisdictions:

Selling Restrictions

Australia

This Prospectus and the offer is only made available in Australia to persons to whom a disclosure document is not required to be given under either Chapter 6D or Chapter 7.9 of the Australian Corporations Act 2001 (Cth) ("**Corporations Act**"). This Prospectus is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of Australian law, and is not required to, and does not, contain all the information which would be required in a disclosure document under Australian law. It is made available to you on the basis that you are a professional investor or sophisticated investor for the purposes of Chapter 6D, and a wholesale client for the purposes of Chapter 7.9, of the Corporations Act.

If you acquire the Units in Australia then you:

(a) represent and warrant that you are a professional or sophisticated investor;

(b) represent and warrant that you are a wholesale client; and

(c) agree not to sell or offer for sale any Units in Australia within 12 months from the date of their issue under the Offering, except in circumstances where:

    (i) disclosure to investors would not be required under either Chapter 6D or Chapter 7.9 of the Corporations Act; or

    (ii) such sale or offer is made pursuant to a disclosure document which complies with either Chapter 6D or Chapter 7.9 of the Corporations Act.

This Prospectus has not been and will not be lodged or registered with the Australian Securities and Investments Commission or ASX Limited or any other regulatory body or agency in Australia. The persons referred to in this Prospectus may not hold Australian Financial Services licences. No cooling off regime will apply to an acquisition of any interest in EC World REIT.

This Prospectus does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this Prospectus, you should assess whether the acquisition of any interest in EC World REIT is appropriate in light of your own financial circumstances or seek professional advice.

Bahrain

This Prospectus has not been approved by the Central Bank of Bahrain ("**CBB**") and the regulations of the CBB do not apply. No offer will be made in Bahrain to the public to purchase Units and this Prospectus will not be issued to, or made available to, the public generally in Bahrain. The CBB takes no responsibility for the performance of the Units nor for the correctness of any statements or representation made by the Issue Manager and Bookrunner.

Brunei

This Prospectus has not been delivered to, licensed or permitted by the authority as designated under the Brunei Darussalam Mutual Funds Order 2001 nor has it been registered with the Registrar of Companies. This Prospectus is for informational purposes only and does not constitute an invitation or offer to the public. As such it must not be distributed or redistributed to and may not be relied upon or used by any person in Brunei other than the person to whom it is

directly communicated, (i) in accordance with the conditions of section 21(3) of the International Business Companies Order 2000, or (ii) whose business or part of whose business is in the buying and selling of shares within the meaning of section 308(4) of the Companies Act, Cap. 39.

Dubai International Financial Centre

This Prospectus relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (the "**DFSA**"). The DFSA has no responsibility for reviewing or verifying this Prospectus or other documents in connection with EC World REIT. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser. This Prospectus is intended for distribution only to persons of a specific type defined in the DFSA's Rules as Professional Clients and must not, therefore, be delivered to, or relied on by, any other type of persons including retail investors.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), an offer to the public of any Units which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Units may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Issue Manager and Bookrunner for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Units shall result in a requirement for the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any Units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Units to be offered so as to enable an investor to decide to purchase any Units, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Hong Kong

This Prospectus has not been delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. The EC World REIT has not been authorised as collective investment scheme by Hong Kong's Securities and Futures Commission ("**SFC**") pursuant to section 104 of Hong Kong's Securities and Futures Ordinance (Cap. 571) ("**SFO**"), nor has this Prospectus been approved by the SFC pursuant to section 105(1) of SFO. Accordingly: (i) this Prospectus must not be issued, circulated or distributed in Hong Kong other than in circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or which do not constitute an offer to the public within the meaning of that Ordinance, and the Units may not be offered or sold in Hong Kong by means of any document, other than to persons who are "professional investors" within the meaning of the SFO and the Securities and Futures (Professional Investor) Rules made thereunder or as otherwise permitted under the SFO; and (ii) no person may issue, circulate or distribute, or have in its possession for the purposes of issue, circulation or distribution, whether in Hong Kong or elsewhere, any invitation, advertisement or other document relating to the Units, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and the Securities and Futures (Professional Investor) Rules made thereunder.

Indonesia

This Prospectus may not be distributed directly or indirectly in Indonesia or to any Indonesian entity or Indonesian citizen (person), and the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters, may not offer or sell, directly or indirectly, any Units in Indonesia or to any Indonesian entity or Indonesian citizen (person), in a manner constituting a public offering on the Units under the Indonesian Capital Market Law and the applicable regulations of the Otoritas Jasa Keuangan (Financial Services Authority) previously known as Badan Pengawas Pasar Modal dan Lembaga Keuangan (Capital Market and Financial Institution Supervisory Agency).

This Prospectus may not be distributed in Indonesia and the Units may not be offered to more than 100 Indonesian parties and/or sold to more than 50 Indonesian parties wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offer under the Law Number 8 of 1995 regarding Capital Markets.

Japan

The Units have not been and will not be registered under the Financial Instruments and Exchange Law of Japan ("**FIEL**") or the Investment Trust and Investment Corporation Law of Japan (the "**ITICL**"). Accordingly, the Units are not being offered or sold, directly or indirectly, in Japan or to, or for the account of or benefit of, any resident of Japan (which means any person resident in Japan including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the account of or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and the ITICL and other relevant laws and regulations of Japan.

Korea

A registration statement for the offering and sale of the Units has not been filed under the Financial Investment Services and Capital Markets Act ("**FSCMA**"). Each purchaser of the Units hereunder will be deemed to have represented and agreed as follows:

(a) the Units may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law and Regulation of Korea and its Enforcement Decree), except as otherwise permitted under applicable Korean laws and regulations; and it understands that the Units will, unless otherwise agreed by the Issuer, bear a legend substantially to the following effect:

A REGISTRATION STATEMENT FOR THE OFFERING AND SALE OF THE UNITS HAS NOT BEEN FILED UNDER THE FSCMA. ACCORDINGLY, THE UNITS MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTION LAW AND REGULATION OF KOREA AND ITS ENFORCEMENT DECREE), EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS.

Malaysia

No approval from the Securities Commission of Malaysia ("**SC**") has been applied for or will be obtained for the offer or invitation in respect of the Offering under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the SC in connection with the Offering in Malaysia. Accordingly, this Prospectus or any amendment or supplement hereto or any other offering document in relation to EC World REIT may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Units and no person may offer for subscription or purchase any of the Units directly or indirectly to anyone in Malaysia.

For Residents of the Sultanate of Oman

The information contained in this Prospectus neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of the Capital Market Law (issued by Decision No. 1/2009). Additionally, this Prospectus is not intended to lead to the conclusion of a contract for the sale or purchase of securities. The recipient of this Prospectus represents that it is a financial institution and is a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that its officers/employees have such experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

People's Republic of China

The Units may not be offered or sold, and will not be offered or sold to any person in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, the "**PRC**") as part of the initial distribution of the Units, except pursuant to applicable laws and regulations of the PRC. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Manager makes no representation that this Prospectus may be lawfully distributed, or that any Units may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Manager which would permit a public offering of any Units or distribution of this Prospectus in the PRC. Accordingly, the Units are not being offered or sold within the PRC by means of this Prospectus or any other document. Neither this Prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Qatar

This Prospectus is not intended to constitute an offer, sale or delivery of shares, units in a collective investment scheme, stapled securities or other securities under the laws of the State of Qatar including the rules and regulations of the Qatar Financial Centre Authority ("**QFCA**") or the Qatar Financial Centre Regulatory Authority ("**QFCRA**") or equivalent laws of the Qatar Central Bank ("**QCB**"). This Prospectus has not been lodged or registered with, or reviewed or approved by the QFCA, the QFCRA, the QCB or the Qatar Financial Markets Authority ("**QFMA**") and is not otherwise authorised or licensed for distribution in the State of Qatar or the Qatar Financial Centre ("**QFC**"). The information contained in this Prospectus does not, and is not intended to, constitute a public or general offer or other invitation in respect of shares, units in a collective investment scheme or other securities in the State of Qatar or the QFC. The Units will not be admitted or traded on the Qatar Exchange.

Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

Any investor in the Kingdom of Saudi Arabia who acquires the Units pursuant to the offering should note that the offer of Units is a private placement to sophisticated investors under Article 10 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004, as amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**").

The Units to be issued have not and will not be offered or sold in the Kingdom of Saudi Arabia other than in compliance with the KSA Regulations, through an Authorised Person (as defined in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority) and following a notification to the Capital Market Authority under the KSA Regulations. Investors should be aware that the offer of the Units is subject to the restrictions on secondary market activity of offers of privately placed securities as set out in Article 17 of the KSA Regulations.

Switzerland

The Units may not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this Prospectus nor any other solicitation for investments in Trust may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156/652a of the Swiss Code of Obligations ("**CO**"). This

Prospectus may not be copied, reproduced, distributed or passed on to others without the Issue Manager and Bookrunner's prior written consent. This document is not a prospectus within the meaning of Articles 1156/652a of the CO and Trust will not be listed on the SIX Swiss Exchange. Therefore, this Prospectus may not comply with the disclosure standards of the CO and/or the listing rules (including any prospectus schemes) of the SIX Swiss Exchange set forth in art. 27 et seq. of the SIX Listing Rules. In addition, it cannot be excluded that Trust could qualify as a foreign collective investment scheme pursuant to Article 119 of the Swiss Federal Act on Collective Investment Schemes, as amended ("**CISA**"). EC World REIT will not be licensed for offering to non-qualified investors in and from Switzerland. The distribution of Units in Switzerland will be exclusively made to, and directed at, regulated qualified investors (the "**Regulated Qualified Investors**"), as defined in Article 10(3)(a) and (b) of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended ("**CISA**"). Accordingly, EC World REIT has not been and will not be registered with the Swiss Financial Market Supervisory Authority ("**FINMA**") and no Swiss representative or paying agent have been or will be appointed in Switzerland. This Prospectus and/or any other offering materials relating to the Units may be made available in Switzerland solely to Regulated Qualified Investors.

Taiwan

The offering of the securities has not been and will not be registered with the Financial Supervisory Commission of Taiwan, China pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan, China through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan, China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, China. No person or entity in Taiwan, China has been authorised to offer or sell the securities in Taiwan, China.

United Arab Emirates (excluding the Dubai International Financial Centre)

In accordance with the provisions of the United Arab Emirates ("**UAE**") Securities and Commodities Authority's ("**SCA**") Board Decision No. 37 of 2012 (as amended by SCA Board Decision No. 13 of 2013), the units in EC World REIT to which this Prospectus relates may only be promoted in the UAE as follows:

(a) without the prior approval of SCA, only in so far as the promotion is directed to:

  (i) financial portfolios owned by federal or local governmental agencies;

  (ii) entities whose main purpose, or one of their purposes, is to invest in securities, provided that such entities would only invest in the fund for their own account and not for the accounts of their clients; and

  (iii) duly licensed investment managers with the power to make investment decisions; and

(b) with the prior approval of the SCA, by way of:

  (i) private placement by persons authorised to do so by the UAE Central Bank or the SCA, subject to a minimum subscription amount per individual investor of five hundred thousand UAE Dirhams (AED 500,000) or one million UAE Dirhams (AED 1,000,000) where the fund has been established in a free zone outside the UAE) – which minimum subscription amount does not apply if a duly licensed investment manager subscribes for the account of a client for whom that investment manager undertakes discretionary portfolio management, or if the investor is involved in a saving and investments plan on

a periodic basis with equal monthly or quarterly payments for a period not less than two years and for a total amount per plan of at least seventy five thousand UAE Dirhams (AED 75,000) or the equivalent in foreign currencies; or

(ii) institutional private placement by licensed representative offices subject to a minimum subscription amount per individual institutional investor of ten million UAE Dirhams (AED 10,000,000).

Any approval of the SCA to the promotion of the Units in the UAE does not represent a recommendation to purchase or invest in EC World REIT. The SCA has not verified this Prospectus or other documents in connection with EC World REIT and the SCA may not be held liable for any default by any party involved in the operation, management or promotion of EC World REIT in the performance of their responsibilities and duties, or the accuracy or completeness of the information in this Prospectus.

The Units to Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective investors should conduct their own due diligence on the Units. If you do not understand the contents of this Prospectus, you should consult an authorised financial advisor.

The United Kingdom

EC World REIT is an unregulated collective investment scheme for the purposes of the Financial Services and Markets Act 2000 ("**FSMA**"). The promotion of Units in EC World REIT and distribution of this Prospectus in the United Kingdom is accordingly restricted by law.

Where the person distributing this Prospectus is a person not authorised under FSMA, this Prospectus is being issued in the United Kingdom only to: (a) persons who are "investment professionals" falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**"); (b) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the FPO; (c) certified sophisticated investors falling within Article 50(1)(a) to (b) of the FPO; or (d) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This document and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents. Any relevant person (and in particular any certified sophisticated investor) seeking to rely on this Prospectus is warned that buying Units may expose him to a significant risk of losing all the property he invested. If a relevant person is in doubt about the Units he should consult a person authorised under FSMA who specialises in advising on such investments.

This Prospectus does not constitute an offer document or an offer of transferable securities in the United Kingdom to which section 85 of FSMA applies and should not be considered as a recommendation that any person should subscribe for or purchase any of the Units. The Units will not be offered or sold to any person in the United Kingdom except in circumstances which have not resulted and will not result in an offer to the public in contravention of section 85(1) of FSMA.

This Prospectus has been prepared on the basis that all offers of Units will be made to an exemption under section 86 of FSMA.

United States

The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. The Units are being offered and sold only outside of the United States in reliance on Regulation S (terms used in this paragraph that are defined in Regulation S are used herein as defined therein).

Transfer Restrictions

Because the following restrictions will apply to the Placement Tranche, purchasers are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of the Units. Each purchaser of the Units, by accepting delivery of this offering document and the Units, will be deemed to have represented, agreed and acknowledged that:

(a) it is authorised to consummate the purchase of the Units in compliance with all applicable laws and regulations;

(b) it acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Units have not been and will not be registered under the Securities Act;

(c) it certifies that either (i) it is, or at the time the Units are purchased will be, the beneficial owner of the Units and it is located outside the United States (within the meaning of Regulation S); or (ii) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (A) such customer is, or at the time the Units are purchased pursuant to Regulation S will be, the beneficial owner of the Units and (B) such customer is located outside the United States (within the meaning of Regulation S);

(d) it agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer agrees) that it (or such customer) will not offer, sell, pledge or otherwise transfer the Units other than in accordance with any applicable laws of the states or territories of the United States and any other jurisdiction, including Singapore;

(e) it is eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Units, and will comply with such laws, rules, regulations, guidelines and approvals in any sale, pledge or transfer of the Units;

(f) it acknowledges that the Manager, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters and their respective representatives, agents, affiliates and nominees will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgments and agrees that, if any of such representations, agreements and acknowledgments deemed to have been made by virtue of its purchase of the Units are no longer accurate, it will promptly notify the Manager, and if it is acquiring any Units as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, agreements and acknowledgments on behalf of each such account; and

(g) it is relying on this offering document and not on any other information or representation concerning EC World REIT or the Units and none of the Manager nor any other person responsible for this offering document or any part of it, nor the Sponsor or the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters, will have any liability for any such other information or representation.

Any resale, pledge or other transfer, or attempted resale, pledge or other transfer, made other than in compliance with the above stated restrictions, will not be recognised by the Manager.

General

Each applicant for Units in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation not contained in this Prospectus and none of EC World REIT, the Manager, the Trustee, the Sponsor, the Sole Financial Adviser, Global Coordinator and Issue Manager, the Joint Bookrunners and Underwriters or any other person responsible for this Prospectus or any part of it will have any liability for any such other information or representation.

CLEARANCE AND SETTLEMENT

INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the depository register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

CLEARING FEE

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.0325% of the transaction value. In addition, a trading fee at the rate of 0.0075% of the transaction value is payable. The clearing fee, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

PricewaterhouseCoopers Singapore Pte. Ltd., the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix C of this Prospectus.

Colliers and Savills, the Independent Valuers, were responsible for preparing the Independent Property Valuation Summary Reports found in Appendix D of this Prospectus.

Analysys Consulting Ltd., the Independent Market Research Consultant, was responsible for preparing the Independent Market Research Report found in Appendix E of this Prospectus.

The Independent Tax Adviser, the Independent Valuers and the Independent Market Research Consultant have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Prospectus, and to act in such capacity in relation to this Prospectus.

None of Allen & Gledhill LLP, Clifford Chance Pte. Ltd. or Shook Lin & Bok LLP, makes, or purports to make, any statement in this Prospectus and none of them is aware of any statement in this Prospectus which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this Prospectus.

Save for the statements attributed to the PRC Legal Advisers, Beijing Jincheng Tongda & Neal and/or King & Wood Mallesons in the following sections:

- "Risk Factors – Risks Relating to the Properties – Hangzhou Chongxian Port Investment Co., Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd. (the "Chongxian Port Companies") had previously entered into bill financing transactions which were not compliant with the credit agreements entered into with the PRC banks, the Negotiable Instruments Law of the PRC (中华人民共和国票据法) (the "Negotiable Instruments Law") and other banking regulations promulgated by the People's Bank of China (the "PBOC")";

- (in respect of Beijing Jincheng Tongda & Neal only) "Risk Factors – Risks Relating to the PRC – EC World REIT may be subject to extensive PRC regulatory control on foreign investment in the real estate sector in future";

- (in respect of Beijing Jincheng Tongda & Neal only) "Business & Properties – The Stage 1 Properties of Bei Gang Logistics (北港物流一期) – Arrangement in relation to Bei Gang Logistics";

- "Business and Properties – Non-Compliant Bill Financing Arrangements";

- "The Formation and Structure of EC World Real Estate Investment Trust – Background to the Formation of EC World REIT";

- "The Formation and Structure of EC World Real Estate Investment Trust – The Structure of EC World REIT"; and

- "Overview of Relevant Laws and Regulations in the People's Republic of China – PRC Property Law – Documentation of Title",

Beijing Jincheng Tongda & Neal and King & Wood Mallesons do not make, or purport to make, any statement in this Prospectus and they are not aware of any statement in this Prospectus which purports to be based on a statement made by them and they make no representation, express or implied, regarding, and take no responsibility for, any statement in or omission from this Prospectus.

REPORTING AUDITOR

PricewaterhouseCoopers LLP, the Reporting Auditor, has given and has not withdrawn their consent to the issue of this Prospectus for the inclusion herein of:

- its name;
- the Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information; and
- the Reporting Auditor's Report on the Profit Forecast and Profit Projection.

in the form and context in which they appear in this Prospectus, and references to its name and such reports in the form and context which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

GENERAL INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS

(1) The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, EC World REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Prospectus misleading, and the Directors are satisfied that the Profit Forecast and Profit Projection contained in "Profit Forecast and Profit Projection" have been stated after due and careful enquiry. Where information in the Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

MATERIAL BACKGROUND INFORMATION

(2) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Manager the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position of the Manager.

(3) There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against EC World REIT the outcome of which, in the opinion of the Directors, may have or have had during the 12 months prior to the date of this Prospectus, a material adverse effect on the financial position (on a pro forma basis) of EC World REIT.

(4) The name, age and address of each of the Directors are set out in "The Manager and Corporate Governance – The Manager of EC World REIT – Board of Directors of the Manager". A list of the present and past directorships of each Director and Executive Officer over the last five years preceding the Latest Practicable Date is set out in Appendix H, "List of Present and Past Principal Directorships of Directors and Executive Officers".

(5) There is no family relationship among the Directors and Executive Officers.

(6) Save as disclosed below, none of the Directors or Executive Officers is or was involved in any of the following events:

    (i) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

    (ii) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

    (iii) any unsatisfied judgment against him;

(iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(vi) at any time during the last 10 years, judgment been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(ix) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(xi) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Mr Lai Hock Meng was an independent non-executive director of Asia Water Technology Ltd (now known as SIIC Environment Holdings Ltd) from 23 September 2009 to 15 October 2009. Shortly thereafter, the company went into receivership as its creditors appointed a receiver to liquidate the company. The company averted liquidation as a white knight provided financial support to the company.

Mr Lai Hock Meng was an independent non-executive director of Westech Electronics Limited (now known as WE Holdings Ltd.) from 29 June 2009 to 28 April 2011. Mr Lai joined the board of the company following the resignation of all its independent directors. At that time, the company had already entered into a scheme of arrangement with its creditors. As Chairman of the company's audit committee, Mr Lai directed the effort to allow a reverse takeover of the company by Plexus Components Pte Ltd. Mr Lai resigned after the reverse takeover was completed.

Mr Lai Hock Meng was an independent non-executive director of Advance SCT Limited from 25 March 2009 to 31 May 2010. Mr Lai joined the board of the company following the resignation of its independent directors. At that time, the company had already entered into a scheme of arrangement with its creditors. As the Chairman of the company's Audit Committee, Mr Lai led the effort to restructure the company's business and the company thereafter resumed trading of its shares on the SGX-ST. Mr Lai resigned after the company's annual general meeting in 2010 where the company's annual report and audited accounts were approved for the financial year 2009.

Mr Lai Hock Meng was an independent non-executive director of China Oilfield Technology Services Group Limited from 1 October 2010 to 14 August 2015. The company issued a circular to its shareholders, seeking approval for a proposed members' voluntary liquidation. The resolution for the proposed members' voluntary resolution was not passed at the company's extraordinary general meeting held on 31 July 2015 and the company was delisted from the SGX-ST with effect from 14 August 2015.

Mr Lai Hock Meng was the managing director of Morgan Grenfell & Partners Securities Pte Ltd ("**MGAPS**") from 1993 to 1996. In January 1994, MGAPS was found to have breached the regulations of the then Stock Exchange of Singapore pertaining to the net adjusted capital of MGAPS. The breach was due to the company trading in business volumes in excess of a certain multiple of its capital after adjusting for, among other items, the doubtful debts, book loses on customers' outstanding position and shares waiting for collection. This was due to a mixture of operational backlog resulted partly by the high trading volume and delays in generation of contract notes by the then Stock Exchange of Singapore as well as management oversight in not reducing trade orders in a timely fashion, which ultimately resulted in a haircut on the firm's net adjusted ratio. The company was fined $75,000 by the then Stock Exchange of Singapore for the breach. Mr Lai was not personally involved with the said breach.

Mr Lai Hock Meng received a warning letter from the MAS regarding the contravention of Section 133 of the SFA for failing to notify China Essence Group Ltd. of a change in his interest in the securities of the company. Mr Lai was granted a share option for 500,000 shares in the company on 16 December 2009 and the option lapsed on 12 December 2014 and due to an oversight, he only discovered the change in his interest in the securities on 21 April 2015. Mr Lai informed the MAS immediately on the same day after he disclosed his oversight.

Mr Lai Hock Meng is an independent non-executive director of PureCircle Limited ("**PureCircle**"), a company which is listed on the London Stock Exchange. PureCircle is an international producer and marketer of speciality natural ingredients based on high purity stevia. On 1 June 2016, the United States Customs and Border Protection ("**CBP**") issued an announcement stating that imported stevia extracts and their derivatives produced by PureCircle in the PRC will be detained at all U.S. ports of entry as CBP had obtained information that these products were produced using convict labour. According to the CBP, under the relevant U.S. legislation, it is illegal to import into the United States goods made, in whole or in part, by forced labour, including convict labour,

forced child labour and indentured labour. In response, PureCircle issued an announcement on 2 June 2016, clarifying that their products were not produced using forced labour and stating that they were working with CBP to correct the information in the CBP announcement and to expedite the release of their shipments which were detained by the CBP. As at the date of this Prospectus, the Manager has been informed that CBP had reviewed the documents submitted to them for clarification, which includes independent third party verification reports to establish that PureCircle's PRC-produced stevia products are not produced using forced labour, and the CBP had released the detained goods. Mr Lai is an independent non-executive director of PureCircle and he is not involved in the day-to-day management of PureCircle.

MATERIAL CONTRACTS

(7) The dates of, parties to, and general nature of every material contract which the Trustee has entered into within the two years preceding the date of this Prospectus (not being contracts entered into in the ordinary course of the business of EC World REIT) are as follows:

(i) the Trust Deed;

(ii) the Sponsor ROFR;

(iii) the ZGB ROFR;

(v) the Master Leases;

(vi) the Corporate Guarantees;

(vii) the Call Option Agreement;

(viii) the Grant Agreement;

(x) the Outsourcing Agreement;

(xi) the Deeds of Indemnity;

(xii) the Master Property Management Agreement; and

(xiii) the Individual Property Management Agreements.

DOCUMENTS FOR INSPECTION

(8) Copies of the following documents are available for inspection at the registered office of the Manager at 8 Shenton Way, #37-03, AXA Tower, Singapore 068811, for a period of six months from the date of this Prospectus (prior appointment would be appreciated):

(i) the material contracts referred to in paragraph 7 above, save for the Trust Deed (which will be available for inspection for so long as EC World REIT is in existence);

(ii) the Reporting Auditor's Report on the Profit Forecast and Profit Projection as set out in Appendix A of this Prospectus;

(iii) the Reporting Auditor's Report on the Unaudited Pro Forma Consolidated Financial Information as set out in Appendix B of this Prospectus;

(iv) the Independent Taxation Report as set out in Appendix C of this Prospectus;

(v) the Independent Property Valuation Summary Reports as set out in Appendix D of this Prospectus as well as the full valuation reports for each of the Properties;

(vi) the Independent Market Research Report set out in Appendix E of this Prospectus;

(vii) the written consents of the Reporting Auditor, the Independent Tax Adviser, the Independent Valuers and the Independent Market Research Consultant (See "Experts" and "Reporting Auditor" for further details);

(viii) the Sponsor Subscription Agreement;

(ix) the Cornerstone Subscription Agreements; and

(x) the Depository Services Terms and Conditions.

CONSENTS OF THE SOLE FINANCIAL ADVISER, GLOBAL COORDINATOR AND ISSUE MANAGER AND THE JOINT BOOKRUNNERS AND UNDERWRITERS

(9) DBS Bank Ltd. has given and not withdrawn its written consent to being named in this Prospectus as the Sole Financial Adviser, Global Coordinator and Issue Manager for the Offering.

(10) DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited and Maybank Kim Eng Securities Pte. Ltd. have each given and not withdrawn its written consent to being named in this Prospectus as a Joint Bookrunner and Underwriter for the Offering.

WAIVERS FROM THE SGX-ST

(11) The Manager has obtained from the SGX-ST waivers from compliance with the following listing rules under the Listing Manual:

(i) Rule 404(3), which relates to restrictions on investments subject to compliance with Chapter 9 of the Listing Manual, the CIS Code and the Property Funds Appendix;

(ii) Rule 404(5), which requires the management company to be reputable and have an established track record in managing investments subject to the management in the Manager having the relevant experience; and

(iii) Rule 407(4), which requires the submission of the financial track record of the investment manager.

(12) The Manager has obtained from the SGX-ST its confirmation of no objection to the application of the exemption provided by Rule 915(7) to banking transactions that EC World REIT, on normal commercial terms and in the ordinary course of business, would enter into with DBS Bank (China) Limited.

WAIVERS FROM THE MAS

(13) The MAS has granted the Manager waivers from compliance with the following:

(i) Paragraph 4.1(c) of the Property Funds Appendix in respect of the first annual general meeting of EC World REIT after listing, on the condition that this annual general meeting is held within 18 months of the date of authorisation of EC World REIT; and

(ii) Paragraph 51 of the Third Schedule to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, to the extent that Paragraph 51 of the Third Schedule prohibits the disclosure of pro forma financial information relating to EC World REIT.

MISCELLANEOUS

(14) The financial year end of EC World REIT is 31 December. The annual audited financial statements of EC World REIT will be prepared and sent to Unitholders within four months of the financial year-end and at least 14 days before the annual general meeting of the Unitholders.

(15) A full valuation of each of the real estate assets held by EC World REIT will be carried out at least once a year in accordance with the Property Funds Appendix. Generally, where the Manager proposes to issue new Units (except in the case where new Units are being issued in payment of the Manager's management fees) or to redeem existing Units, a valuation of the real properties held by EC World REIT must be carried out in accordance with the Property Funds Appendix. The Manager or the Trustee may at any other time arrange for the valuation of any of the real properties held by EC World REIT if it is of the opinion that it is in the best interest of Unitholders to do so.

(16) While EC World REIT is listed on the SGX-ST, investors may check the SGX-ST website at http://www.sgx.com for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times, The Business Times* and *Lianhe Zaobao*, for the price range within which Units were traded on the SGX-ST on the preceding day.

(17) The Manager does not intend to receive soft dollars (as defined in the CIS Code) in respect of EC World REIT. Save as disclosed in this Prospectus, unless otherwise permitted under the Listing Manual, neither the Manager nor any of its Associates will be entitled to receive any part of any brokerage charged to EC World REIT, or any part of any fees, allowances or benefits received on purchases charged to EC World REIT.

GLOSSARY

%	:	Per centum or percentage
Acquisition of the Properties	:	EC World REIT's acquisition of the entire equity interest of the PRC Property Companies
Adjustments	:	Adjustments which are charged or credited to the consolidated profit and loss account of EC World REIT for the relevant financial year or the relevant distribution period (as the case may be), including (i) unrealised income or loss, including property revaluation gains or losses, and provision or reversals of impairment provisions, (ii) deferred tax charges/credits, (iii) negative goodwill, (iv) differences between cash and accounting finance costs, (v) realised gains or losses on the disposal of properties and disposal/settlement of financial instruments, (vi) the portion of the Management Fee that is paid or payable in the form of Units, (vii) costs of any public or other offering of Units or convertible instruments that are expensed but are funded by proceeds from the issuance of such Units or convertible instruments, (viii) depreciation and amortisation in respect of the properties and their ancillary machines, equipment and other fixed assets, (ix) adjustment for non-cash straight line effect on rental income, (x) trustee fees, and (xi) other charges or credits (as deemed appropriate by the Manager)
Aggregate Leverage	:	The total borrowings and deferred payments (if any) of EC World REIT as a percentage of the Deposited Property
Announcement 30	:	Announcement [2012] No. 30
Application Forms	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
Application List	:	The list of applicants subscribing for Units which are the subject of the Public Offer
Associate	:	Has the meaning ascribed to it in the Listing Manual
ATM	:	Automated teller machine
Audit and Risk Committee	:	The audit and risk committee of the Board
Authority or **MAS**	:	Monetary Authority of Singapore
B2B	:	Business-to-business
B2C	:	Business-to-consumer

Base Fee	:	The base fee of 10.0% per annum of the Distributable Income (calculated before accounting for the Base Fee and the Performance Fee in each financial year)
Board	:	The board of directors of the Manager
Building Ownership Certificate	:	House Ownership Certificate (房屋所有权证) or Real Estate Title Certificate (房地产权证) respectively issued by local building ownership administration bureau or local real estate administration bureau of the PRC
Business Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
CAGR	:	Compound Annual Growth Rate
Calculation Period	:	A 12-month trailing period, ending on the last day of the fiscal year (i.e. December 31st) and/or the last day of the first half of the fiscal year (i.e. June 30th)
CBRC	:	The China Banking Regulatory Commission
CDP	:	The Central Depository (Pte) Limited
CFLP	:	The China Federation of Logistics & Purchasing (中国物流与采购联合会)
Chongxian Port Companies	:	Hangzhou Chongxian Port Investment Co., Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd.
Circular 10	:	The Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors
Circular 13	:	The Notice of the State Administration of Foreign Exchange on Further Simplification and Improvement of Foreign Exchange Administration Policy of Direct Investment 《国家外汇管理局关于进一步简化和改进直接投资外汇管理政策的通知》(汇发[2015] 13 号)
Circular 36	:	The Notice Jointly Issued by the MOF and SAT on the Comprehensive Roll-out of the B2V Transformation Pilot Program (财政部、国家税务总局关于全面推开营业税改征增值税试点的通知)
Circular 82	:	Guoshuihan [2009] No. 82
Circular 142	:	The Notice of the SAFE on Improving Practice of Administration on Capital Conversion of Foreign-invested Companies (国家外汇管理局关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的通知)

Circular 601	:	Guoshuihan [2009] No. 601 issued by the SAT
CIS Code	:	The Code on Collective Investment Schemes issued by the MAS
CMS Licence	:	Capital markets services licence for REIT management
Colliers	:	Colliers International (Hong Kong) Limited
Committed Occupancy	:	Occupancy rate based on all current leases in respect of the Property for the period, including legally binding letters of offer which have been accepted for vacant units, as a function of total lettable space
Companies Act	:	Companies Act, Chapter 50 of Singapore
Company Law	:	The Company Law of the PRC
Completion Date	:	Date of completion of the PRC Sale and Purchase Agreements
controlling shareholder	:	As defined in the Listing Manual, means a person who: (i) holds directly or indirectly 15.0% or more of the total number of issued shares (excluding treasury shares) of a company; or (ii) in fact exercises control over a company, where "control" refers to the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
controlling unitholder	:	In relation to a REIT means: (i) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the REIT; or (ii) a person who in fact exercises control over the REIT
Cornerstone Investors	:	The cornerstone investors being BOCOM International Global Investment Limited, Fosun International Holdings Ltd. and Sunkits Resources Limited
Cornerstone Subscription Agreements	:	The subscription agreements entered into between the Manager and the Cornerstone Investors to subscribe for the Cornerstone Units
Cornerstone Units	:	239,506,000 Units to be issued to the Cornerstone Investors
CPF	:	Central Provident Fund
CSRC	:	China Securities Regulatory Commission

DCF	:	Discounted cash flow
Deposited Property	:	The gross assets of EC World REIT, including all the Authorised Investments (as defined in the Trust Deed) of EC World REIT for the time being held or deemed to be held by EC World REIT under the Trust Deed
Depository Services Terms and Conditions	:	The CDP's depository services terms and conditions in relation to the deposit of the Units in CDP
Development Funds Agreement	:	The agreement which Hangzhou Chongxian Port Investment Co., Ltd. had entered into with the Ministry of Transportation of Yuhang District, Hangzhou on 5 December 2008 for the stage one development of the Chongxian port facility
Development Management Fee	:	An amount payable to the Manager that is equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of EC World REIT
Development Project	:	A project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by EC World REIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting addition and alteration and renovations works
Director	:	A director of the Manager
Distributable Income	:	The amount calculated by the Manager (based on the audited financial statements of EC World REIT for that financial year) as representing the consolidated audited net profit after tax of EC World REIT and its SPVs for the financial year, as adjusted to eliminate the effects of Adjustments. After eliminating the effects of these Adjustments, the Distributable Income may be different from the net profit recorded for the relevant financial year
DPU	:	Distribution per Unit
DSCR	:	Debt service coverage ratio
e-commerce	:	Electronic commerce
EC World	:	EC World Hangzhou
EC World REIT	:	EC World REIT, a REIT established in Singapore and constituted by the Trust Deed
EC World REIT Group	:	The group comprising EC World REIT and its subsidiaries

EJV	:	A limited liability entity with limited duration established in China by one or more PRC investors and one or more foreign investors
Endorsing Banks	:	Hangzhou Yangbatou branch of Industrial and Commercial Bank of China, the Hangzhou Qingtai branch of Ping An Bank and the Hangzhou Yuhang branch of Shanghai Pudong Development Bank, which are the PRC commercial banks involved in the bill financing transactions with the Chongxian Port Companies
Excluded Properties	:	Properties owned and operated by the Sponsor that are used primarily for e-commerce and logistics purposes, but which are not injected into the IPO Portfolio
Executive Officer	:	An executive officer of the Manager
Exempted Agreements	:	The Trust Deed, the Sponsor ROFR, the ZGB ROFR, the Master Leases, the Corporate Guarantees, the Call Option Agreement, the Grant Agreement, the Outsourcing Agreement, the Deeds of Indemnity, the Master Property Management Agreement and the Individual Property Management Agreements
Existing Borrowings	:	The aggregate amount of RMB1,004.2 million onshore bank borrowings which the PRC Property Companies have in place as at the date of this Prospectus
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Facilities	:	The Onshore Facilities and the Offshore Facility
Fee Arrangements	:	The fee arrangements of the Property Manager, the Manager and the Trustee
FIE	:	Foreign-invested enterprise
Financial Adviser	:	DBS Bank Ltd.
First Distribution	:	The first distribution of EC World REIT after the Listing Date for the period from the Listing Date to 31 December 2016
Forchn International	:	Forchn International Co. Limited
Forchn Investments	:	Forchn Investments (Singapore) Pte. Ltd.
Forecast Period 2016	:	1 June 2016 to 31 December 2016

Foreign Investor	:	In the context of Circular 10, a company, enterprise or natural person outside the PRC
FY	:	Financial year ended or, as the case may be, ending 31 December
GDP	:	Gross domestic product
GFA	:	Gross floor area
Grant Agreement	:	The agreement between the Sponsor and Hangzhou Beigang Logistics Co., Ltd. regarding grant of right of use and economic benefits of the Stage 2 Properties of Bei Gang Logistics
Grant Fund	:	The grant of RMB45.0 million provided by the Ministry of Transportation to Hangzhou Chongxian Port Investment Co., Ltd. for the development of the asset known as Warehouse Number 1
Gross Rental Income	:	Gross Rental Income comprises fixed rental income received from the tenants of the Properties based on committed tenancy agreements and contracted rental rates for working space as well as ancillary areas
Gross Revenue	:	Gross Revenue consists of Gross Rental Income, carpark income as well as warehouse management fee Income
GST	:	Goods and Services Tax
ICBC	:	Industrial and Commercial Bank of China
Independent Market Research Consultant	:	Analysys Consulting Ltd.
Independent Market Research Report	:	The independent market research report prepared by the Independent Market Research Consultant
Independent Tax Adviser	:	PricewaterhouseCoopers Singapore Pte. Ltd.
Independent Valuers	:	Colliers and Savills
Individual Property Management Agreement	:	The agreement with respect to each of the Managed Properties entered into between the Trustee, the Manager and the Property Manager in which the Trustee appoints the Property Manager as property manager of such Property
Instruments	:	Offers, agreements or options that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units

Interested Party	:	An "interested party" as defined in the Property Funds Appendix
Interested Party Transaction	:	Has the meaning ascribed to it in the Property Funds Appendix
Interested Person	:	An "interested person" as defined in the Listing Manual
Interested Person Transaction	:	Has the meaning ascribed to it in the Listing Manual
IPO	:	Initial public offering
IPO Portfolio	:	The initial portfolio held by EC World REIT as at the Listing Date, comprising the Properties
IRAS	:	Inland Revenue Authority of Singapore
Joint Bookrunners and Underwriters	:	DBS Bank Ltd., Bank of China Limited, Singapore Branch, China International Capital Corporation (Singapore) Pte. Limited and Maybank Kim Eng Securities Pte. Ltd.
Land Administration Law	:	The Land Administration Law of the PRC (中华人民共和国土地管理法)
Land Use Right	:	In relation to EC World REIT, the right of possession, use and benefit of the land, the right to construct buildings, structures and auxiliary facilities thereto, and the right to create mortgage on the land
Land Use Right Certificate	:	The land right certificate in which the land administration department of a county or municipal government of a city or county, as a grantor, grants the grantee as proof of the right to use the state-owned land within a certain number of years and the grantee pays the premium for grant of the Land Use Right
Latest Practicable Date	:	17 June 2016, being the latest practicable date prior to the lodgement of this Prospectus with the MAS
Laws on FIE	:	The Law of the PRC on Sino-Foreign Equity Joint Venture (中华人民共和国中外合资经营企业法), the Law of the PRC on Sino-Foreign Contractual Joint Venture (中华人民共和国中外合作经营企业法) and the Law of the PRC on Wholly Foreign-owned Enterprises (中华人民共和国外资企业法)
Listing Date	:	The date of admission of EC World REIT to the Official List of the SGX-ST
Listing Manual	:	The Listing Manual of the SGX-ST

Lock-up Period	:	The period commencing from the date of issuance of the Units until the date falling 12 months after the Listing Date (both dates inclusive)
Lock-up Units	:	The Units which are held by Forchn Investments (Singapore) Pte. Ltd. which is wholly-owned by the Sponsor which are subject to the lock-up arrangement
Manager	:	EC World Asset Management Pte. Ltd., in its capacity as manager of EC World REIT
Management Fees	:	Base Fee and Performance Fee
Market Day	:	A day on which the SGX-ST is open for trading in securities
Master Lease Agreements	:	The master lease agreements entered into in relation to Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse
Master Leases	:	Master lease arrangements in relation to Chongxian Port Investment, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse entered into by the Sponsor and its subsidiaries
Master Lessees	:	The Sponsor, Hangzhou Fu Gang Supply Chain Co., Ltd and Hangzhou Fuyang Yunton E-Commerce Co., Ltd.
Master Lessors	:	Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., and Fu Heng Warehouse Co., Ltd.
Master Property Management Agreement	:	The master property management agreement dated 30 June 2016 entered into between the Trustee, the Manager and the Property Manager
MERS	:	Middle East respiratory syndrome
Ministry of Construction	:	The Ministry of Construction of the PRC
Ministry of Land and Resources	:	The Ministry of Land and Resources of the PRC
MOFCOM	:	The Ministry of Commerce of the Government of the PRC
MNCs	:	Multinational corporations
NAV	:	Net asset value
NDRC	:	National Development and Reform Commission of the PRC
Negotiable Instruments Law	:	The Negotiable Instruments Law of the PRC (中华人民共和国票据法)

Net Property Income	:	Gross Revenue less property expenses
Net Lettable Area or **NLA**	:	Net area located in Singapore or China, as the case may be, that is to be leased and for which rent is payable as stipulated in the respective tenancy agreements, including legally binding letters of offer which have been accepted for vacant area
No. 50 Notice	:	The Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (关于进一步加强、规范外商直接投资房地产业审批和监管的通知)
Nominating and Remuneration Committee	:	The nominating and remuneration committee of the Manager
Non-compliant Bill Financing Arrangements	:	Credit arrangements entered into between the Chongxian Port Companies with the Endorsing Banks, where the Endorsing Banks issued bank acceptance notes and allowed the Chongxian Port Companies to obtain financing for their related parties
O2O	:	Online-to-offline
Offering	:	The offering of 188,125,600 Units by the Manager for subscription at the Offering Price under the Placement Tranche and the Public Offer
Offering Price	:	The subscription price of S$0.81 per Unit under the Offering
Offering Units	:	188,125,600 Units to be issued pursuant to the Offering
Offshore Borrower	:	EC World REIT
Offshore Facility	:	S$200.0 million three-year syndicated term loan provided by the Offshore Lenders
Offshore Lenders	:	Bank of China Limited, Singapore Branch, DBS Bank Ltd., China CITIC Bank International Limited, Singapore Branch, China Merchants Bank Co., Ltd, Singapore Branch, Malayan Banking Berhad, Singapore Branch, Industrial and Commercial Bank of China Limited, Singapore Branch, Agricultural Bank of China Limited, Singapore Branch, Bank of Communications Co., Ltd Singapore Branch, China Construction Bank Corporation, Singapore Branch and United Overseas Bank Limited
Onshore Borrowers	:	Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd. and Zhejiang Hengde Sangpu Logistics Co., Ltd.

Onshore Facilities	:	The aggregate amount of RMB1,004.2 million onshore term loans from the Onshore Lenders
Onshore Guarantors	:	Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., and Hangzhou Chongxian Port Logistics Co., Ltd.
Onshore Lenders	:	DBS Bank (China) Limited, United Overseas Bank, Nanyang Commercial Bank, Malayan Banking Berhad Shanghai Branch and Bank of East Asia
Onshore Obligors	:	The Onshore Borrowers and the Onshore Guarantors
Opinions	:	The Opinions on Regulating the Access by and Administration of Foreign Investment in the Real Estate Market (关于规范房地产市场外资准入和管理的意见)
Outsourcing Agreement	:	The agreement entered into between Zhejiang Hengde Sangpu Logistics Co., Ltd. and Hangzhou Heng Yue Investment Management Co., Ltd. on 30 June 2016, pursuant to which Zhejiang Hengde Sangpu Logistics Co., Ltd. will outsource the provision of warehousing services to Hangzhou Heng Yue Investment Management Co., Ltd.
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed
Over-Allotment Option	:	An option granted by the Unit Lender to the Joint Bookrunners and Underwriters to purchase from the Unit Lender up to an aggregate of 31,100,500 Units at the Offering Price, solely to cover the over-allotment of Units (if any)
Participating Banks	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited, United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
PBOC	:	The People's Bank of China
Performance Fee	:	The performance fee of 25.0% per annum of the difference in DPU in a financial year with the DPU in the preceding financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year
Ping An Bank	:	Hangzhou Qingtai Branch of Ping An Bank
Placement Tranche	:	The international placement of 180,625,600 Units to investors, including institutional and other investors in Singapore, pursuant to the Offering

PRC-controlled offshore enterprise	:	An offshore enterprise with a PRC enterprise as its primary controlling shareholder
PRC or **China**	:	The People's Republic of China, and for the purposes of this Prospectus, refers to mainland China
PRC Company Law (2013 Revision)	:	Company Law of the PRC (中华人民共和国公司法(2013 年修订))
PRC CIT Law	:	PRC Corporate Income Tax Law
PRC Property Companies	:	The six PRC-incorporated companies which own the Properties, being Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. and Hangzhou Chongxian Port Logistics Co., Ltd.
PRC Legal Advisers	:	Beijing Jincheng Tongda & Neal, the legal adviser to the Manager as to PRC laws, and King & Wood Mallesons, the legal adviser to the Sole Financial Adviser, Global Coordinator and Issue Manager and Joint Bookrunners and Underwriters as to PRC laws
Private Trust Units	:	The Units held by Madam Wang prior to the Redemption and the issue of New Units under the Offering
Profit Forecast	:	The forecast results for Forecast Period 2016
Profit Forecast and Profit Projection	:	The forecast and projected results for Forecast Period 2016 and Projection Year 2017
Profit Projection	:	The projected results for Projection Year 2017
Project Companies	:	FIEs set up by foreign investors for commercial purposes
Projection Year 2017	:	The period from 1 January 2017 to 31 December 2017
Properties	:	The properties comprising the IPO Portfolio, namely Chongxian Port Investment, Chongxian Port Logistics, Fu Zhuo Industrial, Stage 1 Properties of Bei Gang Logistics, Fu Heng Warehouse, and Hengde Logistics
Property Funds Appendix	:	Appendix 6 of the CIS Code issued by the MAS in relation to REITs
Property Law	:	The Property Law of the PRC (中华人民共和国物权法)
Property Management Rules	:	The Property Management Rules promulgated by the State Council on 8 June 2003 and revised on 26 August 2007

Property Manager	:	Yuntong Property Management Co., Ltd. (运通网城资产管理有限公司)
Provisions	:	The Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors
Provisions of Real Estate Transfer	:	The Provisions of Administration of Transfer of Urban Real Property (城市房地产转让管理规定) promulgated in August 1995 and revised on 15 August 2001 by the Ministry of Construction of the PRC
Public Offer	:	The offering to the public in Singapore of 7,500,000 Units
Recognised Stock Exchange	:	Any stock exchange of repute in any part of the world
Redemption	:	The redemption of the Private Trust Units in full by the Manager at the Offering Price to take place on the Listing Date
Regulation S	:	Regulation S under the Securities Act
REIT/S-REIT	:	Real estate investment trust/Real estate investment trust listed on the SGX-ST
related corporation	:	Has the meaning as ascribed to it in the Companies Act
Related Party	:	Refers to an Interested Person and/or (as the case may be) an Interested Party
Related Party Transactions	:	Interested Party Transactions and/or, as the case may be, Interested Person Transactions
Remaining Tenure	:	The remaining tenure of the land use right for Bei Gang Logistics, which is approximately 37 years
Reorganisation	:	The reorganisation implemented by the Sponsor in order to establish the current ownership structure of EC World REIT
Reporting Auditor	:	PricewaterhouseCoopers LLP
Restructuring Exercise	:	The restructuring exercise implemented by the Sponsor in preparation for the Offering to establish EC World REIT (first as a private trust known as EC World Trust) and the ownership structure of the IPO Portfolio held through the Singapore Holding Companies and the PRC Property Companies
RMB or **Renminbi**	:	Renminbi, the lawful currency of China
ROFR	:	Right of first refusal
S$ or **Singapore dollars and cents**	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore

SAFE	:	The State Administration of Foreign Exchange of the PRC
SAFE Circular 37	:	The Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles
SAIC	:	The State Administration of Industry and Commerce of the PRC
SARS	:	Severe acute respiratory syndrome
SASAC	:	The State-owned Assets Supervision and Administration Commission of the State Council
SAT	:	State Administration of Taxation of the PRC
Savills	:	Savills Valuation and Professional Services Limited
Securities Account	:	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
Securities Act	:	U.S. Securities Act of 1933, as amended
Securities and Futures Act or **SFA**	:	Securities and Futures Act, Chapter 289 of Singapore
Service Charge	:	Contribution paid by tenants towards covering the operation and property maintenance expenses of the Properties
Settlement Date	:	The date and time on which the Units are issued as settlement under the Offering
Secured Facilities	:	Debt Facilities which are secured by the PRC Property Companies' available onshore cash balances which are deposited with banks in the PRC
SGX-ST	:	Singapore Exchange Securities Trading Limited
Singapore Holding Companies	:	Fullwealth Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richwin Investment Pte. Ltd., Richport Investment Pte. Ltd. and Magnasset Investment Pte. Ltd.
SITA	:	Income Tax Act, Chapter 134 of Singapore
Sole Financial Adviser, Global Coordinator and Issue Manager	:	DBS Bank Ltd.
SPD Bank	:	Shanghai Pudong Development Bank
Sponsor	:	Forchn Holdings Group Co., Ltd.

Sponsor ROFR	:	Right of first refusal provided from the Sponsor to EC World REIT
Sponsor Subscription Agreement	:	The subscription agreement entered into between Forchn Investments (Singapore) Pte. Ltd. and the Manager for 349,880,400 Units at the Offering Price
Sponsor Units	:	The Units subscribed for by Forchn Investments (Singapore) Pte. Ltd. pursuant to the Sponsor Subscription Agreement
Sponsor's Indebtedness	:	The aggregate amount owed by the Sponsor to the PRC Property Companies
SPV	:	Special purpose vehicle
sq ft	:	Square feet
sq m	:	Square metres
Stabilising Manager	:	DBS Bank Ltd.
Stage 1 Properties	:	Completed, income-producing Buildings No. 1 to No. 8 of Bei Gang Logistics
Stage 2 Properties	:	The three plots of land from Bei Gang Logistics which are expected to be completed by December 2017, comprising Buildings No. 9 to No. 17 of Bei Gang Logistics
State Council	:	The State Council of the PRC
Sub-division	:	The sub-division of the Units held by Madam Wang Guoli as soon as practicable after the registration of this Prospectus
Subsidiary	:	Has the meaning as its definition in the Companies Act
Substantial Unitholder	:	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
Take-over Code	:	Singapore Code on Take-overs and Mergers
Tax Exempt Income	:	Tax exempt dividends received from the Singapore Holding Companies
Taxable Income	:	Income of EC World REIT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore

Total Project Costs	:	In relation to the Development Management Fee, means the sum of the following (where applicable): (i) construction cost based on the project final account prepared by the project quantity surveyor; (ii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager but for the avoidance of doubt shall not include the costs of the service provider(s) appointed by the Manager pursuant to the Trust Deed; (iii) the cost of obtaining all approvals for the project; (iv) site staff costs; (v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with Singapore Financial Reporting Standards; and (vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with Singapore Financial Reporting Standards.
TRE	:	Tax resident enterprise
Trust Companies Act	:	Trust Companies Act, Chapter 336 of Singapore
Trust Deed	:	The trust deed dated 5 August 2015 entered into between DBS Trustee Limited and EC World Asset Management Pte. Ltd. constituting EC World REIT,as amended and restated by an amending and restating deed dated 29 June 2016, and as may be amended, varied or supplemented from time to time
Trustee	:	DBS Trustee Limited, in its capacity as trustee of EC World REIT
Unaudited Pro Forma Consolidated Financial Information	:	Unaudited historical pro forma financial information of EC World REIT and its subsidiaries
Underwriting Agreement	:	The underwriting agreement dated 20 July 2016 entered into between the Sponsor, the Manager, the Sole Financial Adviser, Global Coordinator and Issue Manager and the Joint Bookrunners and Underwriters
Underwriting, Selling and Management Commission	:	The underwriting, selling and management commission payable to the Joint Bookrunners and Underwriters for their services in connection with the Offering

Unit(s)	:	An undivided interest in EC World REIT as provided for in the Trust Deed
Unit Issue Mandate	:	The general mandate for the Manager to issue Units within certain limits until (i) the conclusion of the first annual general meeting of EC World REIT or (ii) the date by which the first annual general meeting of EC World REIT is required by applicable regulations to be held, whichever is earlier
Unit Lender	:	Forchn Investments
Unit Lending Agreement	:	The unit lending agreement entered into between the Stabilising Manager (or any of its affiliates or other persons acting on behalf of the Stabilising Manager) and the Unit Lender dated 20 July 2016 in connection with the Over-Allotment Option
Unitholder(s)	:	The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
U.K.	:	United Kingdom
United States or **U.S.**	:	United States of America
US$, US dollars or **USD**	:	U.S. dollars and cents, the lawful currency of the United States
Urban Land Regulations	:	Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中华人民共和国城镇国有土地使用权出让和转让暂行条例)
WALE	:	Weighted average lease expiry
WFOE	:	Wholly foreign-owned enterprise
WHT	:	Withholding tax
ZGB ROFR	:	The individual ROFR granted by Mr Zhang Guobiao to the Trustee on 30 June 2016

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Prospectus is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

Information contained in the Manager's website and the Sponsor's website does not constitute part of this Prospectus.

REPORTING AUDITOR'S REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION

The Board of Directors
EC World Asset Management Pte. Ltd.
(in its capacity as Manager of EC World Real Estate Investment Trust)
8 Shenton Way
#37-03 AXA Tower
Singapore 068811

DBS Trustee Limited
(in its capacity as Trustee of EC World Real Estate Investment Trust)
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

20 July 2016

Dear Sirs

Letter from the Reporting Auditor on the Profit Forecast for the period ending 31 December 2016 and the Profit Projection for the year ending 31 December 2017 of EC World Real Estate Investment Trust and its Subsidiaries

This letter has been prepared for inclusion in the prospectus dated 20 July 2016 (the "**Prospectus**") of EC World Real Estate Investment Trust in connection with the invitation in respect of the initial public offering of the units in EC World Real Estate Investment Trust and listing on the Singapore Exchange Securities Trading Limited (the "**Offering**").

The directors of EC World Asset Management Pte. Ltd (the "**Directors**"), in its capacity as Manager of EC World Real Estate Investment Trust, are responsible for the preparation and presentation of the forecast and projected statement of total return of EC World Real Estate Investment Trust and its subsidiaries (the "**Group**") for the period ending 31 December 2016 (the "**Profit Forecast**") and for the year ending 31 December 2017 (the "**Profit Projection**"), as set out on page 110 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 111 to 124 of the Prospectus.

We have examined the Profit Forecast and the Profit Projection as set out on page 110 of the Prospectus in accordance with Singapore Standard on Assurance Engagements 3400 "Examination of Prospective Financial Information" applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast and Profit Projection including the assumptions set out on pages 111 to 124 of the Prospectus on which they are based.

Profit Forecast

In our opinion, the Profit Forecast is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out in Appendix B, "Reporting Auditor's Report on Examination of the Unaudited Pro Forma Consolidated Financial Information" of the Prospectus, and is presented in accordance with Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (but not all required disclosures) issued by the Institute of Singapore Chartered Accountants ("**ISCA**"), which is the accounting framework to be adopted by EC World Real Estate Investment Trust in the preparation of the consolidated financial statements of the Group and financial statements of EC World Real Estate Investment Trust. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast.

Profit Projection

The Profit Projection is intended to show a possible outcome based on the stated assumptions. As the length of the period covered by the Profit Projection extends beyond the period covered by the Profit Forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the Profit Forecast. The Profit Projection does not therefore constitute a Profit Forecast.

In our opinion, the Profit Projection is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out in Appendix B, "Reporting Auditor's Report on Examination of the Unaudited Pro Forma Consolidated Financial Information" of the Prospectus, and is presented in accordance with Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (but not all required disclosures) issued by ISCA, which is the accounting framework to be adopted by EC World Real Estate Investment Trust in the preparation of the consolidated financial statements of the Group and financial statements of EC World Real Estate Investment Trust. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection.

We draw attention to the accounting policies set out in Appendix B, "Reporting Auditor's Report on Examination of the Unaudited Pro Forma Consolidated Financial Information" of the Prospectus which state that any changes in fair values of the investment properties would be recognised in the statement of total return. Hence, any changes in fair values of the investment properties would have the effect of increasing or reducing the statement of total return for the period ending 31 December 2016 and for the year ending 31 December 2017 by the amount of such surplus or deficit. We note that the Manager has stated in the assumptions set out on pages 111 to 124 of the Prospectus that in preparing the Profit Forecast and Profit Projection, the fair values of the investment properties remains unchanged for the forecast period ending 31 December 2016 and the projection year ending 31 December 2017.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions set out on pages 111 to 124 of the Prospectus, actual results are still likely to be different from the Profit Forecast and Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit Forecast and Profit Projection.

Attention is drawn, in particular, to the risk factors set out on pages 54 to 89 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit Forecast and Profit Projection relate and the sensitivity analysis of the Profit Forecast and Profit Projection as set out on pages 122 to 124 of the Prospectus.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Tham Tuck Seng

REPORTING AUDITOR'S REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

REPORTING AUDITOR'S REPORT ON EXAMINATION OF THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF EC WORLD REAL ESTATE INVESTMENT TRUST

The Board of Directors
EC World Asset Management Pte. Ltd.
(in its capacity as REIT Manager of EC World Real Estate Investment Trust)
8 Shenton Way
#37-03 AXA Tower
Singapore 068811

DBS Trustee Limited
(as Trustee of EC World Real Estate Investment Trust)
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

20 July 2016

Dear Sirs

Report on the Compilation of the Unaudited Consolidated Pro Forma Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of the unaudited consolidated pro forma financial information of EC World Real Estate Investment Trust (the "REIT") and its subsidiaries (collectively referred to as the "Group") by the management of EC World Asset Management Pte. Ltd. (the "REIT Manager"). The unaudited consolidated pro forma financial information consists of the unaudited consolidated pro forma consolidated balance sheets as at 31 December 2015 and as at the date the REIT is admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "Listing Date"), and related notes as set out on pages B-4 – B-32 of the prospectus dated 20 July 2016 (the "Prospectus") issued by the REIT Manager. The applicable criteria on the basis of which the REIT Manager has compiled the unaudited consolidated pro forma financial information are described in Notes 3 to 5 of the unaudited consolidated pro forma financial information.

The unaudited consolidated pro forma financial information has been compiled by the management to illustrate the impact of:

(a) adjustments made to carve out of assets and liabilities of the PRC Property Companies (as defined in Note 2 of the unaudited consolidated pro forma financial information) that will not be acquired by the REIT and restating the Group's Investment Properties at a total valuation of S$1,303,443,000 and the related tax effect of S$250,991,000 (the "Adjustments") on the financial position of the Group as if the Adjustments had taken place on 31 December 2015 and on the Listing Date;

(b) proceeds received from the settlement of receivables due from Sponsor and loan provided to third parties, and rental deposits from lessees for properties under master lease arrangements (the "Proceeds") on the financial position of the Group as if the Proceeds had taken place on the Listing Date;

(c) use of proceeds from settlement of receivables due from Sponsor and loan provided to third parties to repay a portion of the existing bank borrowings (the "Repayment") on the financial position of the Group as if the Repayment had taken place on the Listing Date; and

(d) the listing of the REIT, the drawdown of New Debt Facilities (as defined in Note 2 of the unaudited consolidated pro forma financial information), the repayment of the purchase consideration in relation to the acquisition of the properties by the REIT, redemption of the existing units held by the initial unitholder of the REIT and repayment of the existing bank borrowings, as set out in Note 2 of the unaudited consolidated pro forma financial information (the "Listing Exercise") on the financial position of the Group as if the Listing Exercise had taken place on the Listing Date.

As part of the process, information about the Group's financial position has been extracted by the management from the financial statements as set out in Note 3.1 to the unaudited consolidated pro forma financial information.

Management's Responsibility for the Unaudited Consolidated Pro Forma Financial Information

The management is responsible for compiling the unaudited consolidated pro forma financial information on the basis as set out in Notes 3 to 5 of the unaudited consolidated pro forma financial information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Auditor's Responsibilities

Our responsibility is to express an opinion about whether the unaudited consolidated pro forma financial information has been compiled, in all material respects, by the management on the basis as set out in Notes 3 to 5 of the unaudited consolidated pro forma financial information.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the Reporting Auditor plan and perform procedures to obtain reasonable assurance about whether the management has compiled, in all material respects, the unaudited consolidated pro forma financial information on the basis as set out in Notes 3 to 5 of the unaudited consolidated pro forma financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited consolidated pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited consolidated pro forma financial information.

The purpose of the unaudited consolidated pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the Adjustments, the Proceeds, the Repayment and the

Listing Exercise had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event at 31 December 2015 and at the Listing Date would have been as presented.

A reasonable assurance engagement to report on whether the unaudited consolidated pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited consolidated pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event, and to obtain sufficient appropriate evidence about whether:

(a) The related pro forma adjustments give appropriate effect to those criteria; and

(b) The unaudited consolidated pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Auditor's judgment, having regard to the Reporting Auditor's understanding of the nature of the Group and the event in respect of which the unaudited consolidated pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited consolidated pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) The unaudited consolidated pro forma financial information has been compiled:

    (i) in a manner consistent with the accounting policies adopted by the Group, which are in accordance with Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants;

    (ii) on the basis of the applicable criteria stated in Notes 3 to 5 of the unaudited consolidated pro forma financial information; and

(b) each material adjustment made to the information used in the preparation of the unaudited consolidated pro forma financial information is appropriate for the purpose of preparing such unaudited financial information.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Tham Tuck Seng

EC WORLD REAL ESTATE INVESTMENT TRUST
(Constituted under a Trust Deed in the Republic of Singapore)

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEETS

	Notes	As at 31 December 2015 S$'000	As at Listing Date S$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	15,041	91,417
Trade and other receivables	7	161,741	10,074
		176,782	101,491
Non-current assets			
Investment properties	8	1,303,443	1,303,443
		1,303,443	1,303,443
Total assets		1,480,225	1,404,934
LIABILITIES			
Current liabilities			
Trade and other payables	9	328,029	8,641
Deferred income	10	–	2,781
Borrowings	11	84,170	2,059
Current income tax liabilities		4,001	8,198
		416,200	21,679
Non-current liabilities			
Borrowings	11	194,031	391,195
Rental deposits	10	–	47,952
Deferred income	10	–	11,125
Deferred income tax liabilities	12	250,235	250,235
Government grant	13	724	724
		444,990	701,231
Total liabilities		861,190	722,910
Net assets attributable to Unitholders		**619,035**	**682,024**
Number of units in issue ('000)			777,512
Net asset value per unit (S$)[1]			0.88

Note 1: Based on the Offering Price of S$0.81 per unit as at the Listing Date.

EC WORLD REAL ESTATE INVESTMENT TRUST
(Constituted under a Trust Deed in the Republic of Singapore)

PORTFOLIO STATEMENTS

Property/ cluster name	Land Use Rights Expiry	Address	Gross Floor Area (sq m)	Net Lettable Area (sq m)	Average Independent valuation as at Listing Date S$'000	Percentage of total net assets attributable to Unitholders as at Listing Date %
Chongxian Port Investment (崇贤港投资物业)	December 2055	5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	N.A	112,726	428,979	62.9
Chongxian Port Logistics (崇贤港物流)	First complex – December 2055 Second complex – September 2060	5-2 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	121,217	125,856	174,811	25.6
Fu Zhuo Industrial (富卓实业)	December 2055	5-1 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	2,302	7,128	21,838	3.2
Stage 1 Properties of Bei Gang Logistics (北港物流)	March 2052	5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	120,449	120,449	265,138	38.9
Fu Heng Warehouse (富洲电商)	May 2059	11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	95,072	94,287	113,294	16.6
Hengde Logistics (恒德物流)	First complex – July 2053 Second complex – July 2059	21 Sanhao Road and 2-2 Dongjiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	238,032	238,032	299,383	43.9
Investment properties					1,303,443	191.1
Other assets and liabilities (net)					(621,419)	(91.1)
Net assets attributable to unitholders					**682,024**	

The carrying amounts of the investment properties were based on the average independent valuations as at 31 December 2015. The valuation was undertaken by Colliers International (Hong Kong) Limited and Savills Valuation and Professional Services Limited. Colliers International (Hong Kong) Limited and Savills Valuation and Professional Services Limited have appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations of the investment properties were based on the discounted cashflow approach.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

1. Introduction

The Unaudited Pro Forma Consolidated Financial Information of EC World Real Estate Investment Trust (the "REIT") and its subsidiaries (collectively referred to as the "Group") has been prepared for inclusion in the prospectus dated 30 June 2016 (the "Prospectus") in connection with the listing of the REIT on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The SGX-ST has granted the REIT a waiver from the requirement to prepare historical pro forma statements of total return, pro forma cash flow statements and pro forma balance sheets for the latest three financial years ended 31 December 2013, 2014 and 2015, subject to the inclusion of the following in the Prospectus:

- an unaudited pro forma balance sheet as at 31 December 2015 and an unaudited pro forma balance sheet as at the Listing Date;
- a profit forecast for Forecast Period 2016 and a profit projection for Projection Year 2017; and
- full disclosure of the reasons that historical pro forma financial information cannot be provided for the financial years ended 31 December 2013, 2014 and 2015.

2. EC World Real Estate Investment Trust (the "REIT")

2.1 General Information

The REIT was constituted as a private trust on 5 August 2015 pursuant to the Trust Deed, with DBS Trustee Limited as the trustee, EC World Asset Management Pte. Ltd. (as REIT Manager of the private trust) and Madam Wang Guoli as the initial unitholder of the REIT.

The REIT 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 on the People's Republic of China ("PRC").

The initial portfolio of the REIT comprises 6 properties (the "IPO Portfolio") located in Hangzhou, the PRC, which consist of:

- Chongxian Port Investments (崇贤港投资) (the "Chongxian Port Investment Property");
- Fu Zhuo Industrial (富卓实业) (the "Fu Zhuo Industrial Property");
- Stage 1 Properties of Bei Gang Logistics (北港物流一期) (the "Bei Gang Logistics Property");
- Fu Heng Warehouse (富恒仓储) (the "Fu Heng Warehouse Property");
- Hengde Logistics (恒德物流) (the "Hengde Logistics Property"); and
- Chongxian Port Logistics (崇贤港流) (the "Chongxian Port Logistics Property").

2. EC World Real Estate Investment Trust (the "REIT") (continued)

2.2 Acquisition of the IPO Portfolio

Prior to acquisition of the IPO Portfolio by the REIT, the following properties in the IPO Portfolio were 100% owned by Forchn Holdings Group Co., Ltd. (the "Sponsor") through the Sponsor wholly owned subsidiaries listed below:

- Chongxian Port Investment Property owned by Hangzhou Chongxian Port Investment Co., Ltd ("HCP");
- Fu Zhuo Industrial Property owned by Hangzhou Fu Zhuo Industrial Co., Ltd ("HFZ");
- Bei Gang Logistics Property owned by Hangzhou Bei Gang Logistics Co., Ltd ("HBG");
- Fu Heng Warehouse Property owned by Hangzhou Fu Heng Warehouse Co., Ltd. ("FHW");
- Chongxian Port Logistics Property owned by Hangzhou Chongxian Port Logistics Co., Ltd ("HCL").

Prior to acquisition of the IPO Portfolio, the Hengde Logistics Property was 100% owned by a third party, Zhejiang Hengde Sangpu Logistics Co., Ltd ("ZHS"). ZHS is in turn fully-owned by a third party, Zhongyi Group Co., Ltd.

HCP, HFZ, HBG, FHW, HCL and ZHS are collectively referred to as the PRC Property Companies.

On 31 July 2015, HCP acquired the entire equity interest of HCL from the Sponsor.

On 6 September 2015, HCP disposed all its subsidiaries, except for HCL, to the Sponsor prior to its acquisition by the REIT.

Following its constitution, the REIT acquired the entire issued share capital of five Singapore companies – Fullwealth Investment Pte. Ltd., Prorich Investment Pte. Ltd., Richwin Investment Pte. Ltd., Richport Investment Pte. Ltd. and Magnasset Investment Pte. Ltd. for the purpose of acquiring the entire equity interest of HCP, HFZ, HBG, FHW and ZHS respectively.

The acquisition of the PRC Property Companies was completed prior to the Listing Date and the purchase consideration payable will be funded by proceeds from the Offering and/or the drawdowns from the New Debt Facilities on the Listing Date.

2.3 Listing Exercise

For the listing of the REIT on SGX-ST, 777,512,000 new units will be offered (the "Offering") at an offering price per unit of S$0.81.

An onshore term loans facility and an offshore term loans facility (together the "New Debt Facilities") will also be drawn down on the Listing Date.

2. EC World Real Estate Investment Trust (the "REIT") (continued)

2.3 Listing Exercise (continued)

The total proceeds from the Offering and the New Debt Facilities will be used to repay the existing bank borrowings, fund the repayment of the purchase consideration in relation to the acquisition of the PRC Property Companies and redemption of the existing units held by the initial unitholder of the REIT.

3. Basis of preparation

3.1 The Unaudited Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only and based on certain assumptions, after making certain adjustments, to show the following impact to the Unaudited Pro Forma Consolidated Balance Sheet:

(a) carving out of assets and liabilities of the PRC Property Companies that will not be acquired by the REIT and restating the Group's Investment Properties at a total valuation of S$1,303,443,000 and the related tax effect of S$250,991,000 (the "Adjustments") as at 31 December 2015 and as at the Listing Date;

(b) proceeds received from the settlement of receivables due from Sponsor and loan provided to third parties, and rental deposits from lessees for properties under master lease arrangements (the "Proceeds") on the financial position of the Group as if the Proceeds had taken place on the Listing Date;

(c) use of proceeds from settlement of receivables due from Sponsor and loan provided to third parties to repay a portion of the existing bank borrowings (the "Repayment") on the financial position of the Group as if the Repayment had taken place on the Listing Date; and

(d) the listing of the REIT, the drawdown of New Debt Facilities, the repayment of the purchase consideration in relation to the acquisition of the properties by the REIT, redemption of the existing units held by the initial unitholder of the REIT and repayment of the existing bank borrowings (the "Listing Exercise") on the financial position of the Group as if the Listing Exercise had taken place on the Listing Date.

The Unaudited Pro Forma Consolidated Financial Information is not necessarily indicative of the financial position of the Group that would have been attained had the Adjustments, the Proceeds, the Repayment and the Listing Exercise had occurred or were effective earlier. The Unaudited Pro Forma Consolidated Financial Information is for illustrative purpose only and because of their nature, may not give a true picture of the Group's financial position.

The Unaudited Pro Forma Consolidated Financial Information are compiled based on the audited financial statements of HCP, HFZ, HBG, FHW,HCL and ZHS for the financial year ended 31 December 2015.

3. Basis of preparation (continued)

The audited financial statements referred to as above were prepared in accordance with International Financial Reporting Standards and were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with International Standards on Auditing for the purpose of preparing the Unaudited Pro Forma Consolidated Financial Information.

The auditors' reports on these financial statements were not subjected to any qualifications, modifications or disclaimers, except for the auditors' report on the financial statements of HCP for the financial year ended 31 December 2015 was qualified as consolidated financial statements of HCP were not prepared. Consolidated financial statements of HCP are not required as HCP's subsidiaries were disposed to the Sponsor prior to its acquisition by the REIT.

The Unaudited Pro Forma Consolidated Financial Information is presented in accordance with Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. This Unaudited Pro Forma Consolidated Financial Information is expressed in Singapore Dollars ("S$") and rounded to the nearest thousand.

3.2 The Unaudited Pro Forma Consolidated Financial Information has been compiled from the financial statements disclosed above and are based on the accounting policies adopted by the REIT as disclosed in Note 5 to the Unaudited Pro Forma Consolidated Financial Information.

3.3 Unaudited Pro Forma Consolidated Balance Sheet

The key pro forma adjustments made to the Unaudited Pro Forma Consolidated Financial Information in the preparation of the Unaudited Pro Forma Consolidated Balance Sheet as at 31 December 2015 are summarised as below:

(a) Adjustments to carve out assets and liabilities relating to the PRC Property Companies that will not be acquired by the REIT; and

(b) Adjustments to state the Investment Properties at a total valuation of S$1,303,443,000 based on the average of the two valuation by Colliers International (Hong Kong) Limited and Savills Valuation and Professional Services Limited as at 31 December 2015, and the related tax effect of S$250,991,000.

The key pro forma adjustments made to the Unaudited Pro Forma Consolidated Financial Information in the preparation of the Unaudited Pro Forma Consolidated Balance Sheet as at Listing Date are summarised as below:

(a) Adjustments to carve out assets and liabilities relating to the PRC Property Companies that will not be acquired by the REIT;

(b) Adjustments to reflect material changes in working capital, note payables and borrowings subsequent to the latest audited financial year end to Listing Date;

3. Basis of preparation (continued)

3.3 Unaudited Pro Forma Consolidated Balance Sheet (continued)

(c) Adjustments to state the Investment Properties at a total valuation of S$1,303,443,000 based on the average of the two valuation by Colliers International (Hong Kong) Limited and Savills Valuation and Professional Services Limited as at 31 December 2015, and the related tax effect of S$250,991,000;

(d) Adjustments to reflect proceeds received from the settlement of net amount due from Sponsor and the settlement of loan provided to third parties, and use of the proceeds to repay a portion of the existing bank borrowings subsequent to 31 December 2015;

(e) Adjustments to reflect the receipt of rental deposits of S$61,858,000 from lessees for properties under master lease arrangements which will be effective on Listing Date; and

(f) Adjustments to reflect the REIT's issuance of 777,512,000 units under the Offering at S$0.81 per unit for net proceeds amounting to approximately S$612,841,000 and draw-down of the New Debt Facilities amounting to S$393,254,000 to fund the repayment of the purchase consideration in relation to the acquisition of the PRC Property Companies, redemption of the existing units held by the initial unitholder of the REIT and repayment of the existing bank borrowings, all on the Listing Date.

In addition, the following assumptions were made:

(i) The Listing Date is assumed to be 1 June 2016;

(ii) The proceeds from net amount due from the Sponsor and the loan provided to third parties will be settled by the Sponsor on Listing Date in accordance with the Deed of Assignment dated 27 June 2016;

(iii) There are no significant movements in the current assets (including cash and cash equivalents) and current liabilities of the REIT during the period from 1 January 2016 to the actual listing date, other than those arising from the pro forma adjustments and assumptions as described above; and

(iv) A fixed exchange rate of S$1:00 = RMB4.88 has been used to translate the Unaudited Pro Forma Consolidated Financial Information from RMB to SGD which is the presentation currency of the REIT.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

4. Statement of adjustments

4.1 Unaudited Pro Forma Consolidated Balance Sheet as at 31 December 2015

The following adjustments have been made in arriving at the unaudited pro forma consolidated balance sheet as at 31 December 2015:

	Per audited balance sheets											Pro forma balance sheet as at 31 December 2015
	HCP	HFZ	HBG	ZHS	HCL	FHW	Total	Pro forma adjustments				
	As at 31 December 2015											
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000 (a)	S$'000 (b)	S$'000 (c)	S$'000 (d)	S$'000
ASSETS												
Current assets												
Cash and cash equivalents	13,490	311	195	169	876	–	15,041	–	–	–	–	15,041
Trade and other receivables	102,349	2,703	44,059	21,194	17,267	1,721	189,293	(238)	–	–	(27,314)	161,741
	115,839	3,014	44,254	21,363	18,143	1,721	204,334	(238)	–	–	(27,314)	176,782
Investment properties	42,520	2,944	159,038	59,313	52,335	34,240	350,390	–	49,653	903,400	–	1,303,443
Property, plant and equipment	314	–	–	106	3	–	423	(423)	–	–	–	–
Intangible assets	73	–	–	–	–	–	73	(73)	–	–	–	–
Deferred income tax assets	–	–	1,584	167	–	–	1,751	–	(1,751)	–	–	–
Investment in subsidiaries	57,416	–	–	–	–	–	57,416	–	(57,416)	–	–	–
	100,323	2,944	160,622	59,586	52,338	34,240	410,053	(496)	(9,514)	903,400	–	1,303,443
Total assets	216,162	5,958	204,876	80,949	70,481	35,961	614,387	(734)	(9,514)	903,400	(27,314)	1,480,225

4. Statement of adjustments (continued)

4.1 Unaudited Pro Forma Consolidated Balance Sheet as at 31 December 2015 (continued)

	Per audited balance sheets											Pro forma balance sheet as at 31 December 2015
	HCP	HFZ	HBG	ZHS	HCL	FHW	Total	Pro forma adjustments				
	As at 31 December 2015											
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000 (a)	S$'000 (b)	S$'000 (c)	S$'000 (d)	S$'000
Liabilities												
Current liabilities												
Trade and other payables	26,297	3,694	56,037	5,211	6,503	345	98,087	(24,779)	282,035	–	(27,314)	328,029
Borrowings	55,626	–	10,191	18,353	–	–	84,170	–	–	–	–	84,170
Current income tax liabilities	2,409	184	–	9	1,155	244	4,001	–	–	–	–	4,001
	84,332	3,878	66,228	23,573	7,658	589	186,258	(24,779)	282,035	–	(27,314)	416,200
Borrowings	79,547	–	67,731	46,753	–	–	194,031	–	–	–	–	194,031
Deferred income tax liabilities	710	102	–	–	143	40	995	–	10,662	238,578		250,235
Government grant	–	–	–	724	–	–	724	–	–	–	–	724
	80,257	102	67,731	47,477	143	40	195,750	–	10,662	238,578	–	444,990
Total liabilities	164,589	3,980	133,959	71,050	7,801	629	382,008	(24,779)	292,697	238,578	(27,314)	861,190
Net assets attributable to Unitholders	51,573	1,978	70,917	9,899	62,680	35,332	232,379	24,045	(302,211)	664,822	–	619,035

Notes:

(a) Being adjustments to reflect assets and liabilities of the PRC Property Companies that will not be acquired by the REIT.

(b) Being adjustments to reflect the consideration payables in relation to the acquisition of the IPO Portfolio by the REIT.

(c) Being adjustment to reflect the revaluation of the investment properties on valuation as at 31 December 2015 and the corresponding deferred tax impact.

(d) Being adjustments to reflect elimination of inter-company balances within the Group.

EC WORLD REAL ESTATE INVESTMENT TRUST
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

4. Statement of adjustments (continued)

4.2 Unaudited Pro Forma Consolidated Balance Sheet as at Listing Date

The following adjustments have been made in arriving at the unaudited pro forma consolidated balance sheet as at Listing Date:

	Per audited balance sheets															Pro forma balance sheet as at Listing Date
	HCP	HFZ	HBG	ZHS	HCL	FHW										
	As at Listing Date						Total	Pro forma adjustments								
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000 (a)	S$'000 (b)	S$'000 (c)	S$'000 (d)	S$'000 (e)	S$'000 (f)	S$'000 (g)	S$'000 (h)	S$'000
ASSETS																
Current assets																
Cash and cash equivalents	13,490	311	195	169	876	–	15,041	–	(14,165)	–	–	67,292	612,841	393,254	(982,846)	91,417
Trade and other receivables	102,349	2,703	44,059	21,194	17,267	1,721	189,293	(238)	(3,904)	–	–	(175,077)	–	–	–	10,074
	115,839	3,014	44,254	21,363	18,143	1,721	204,334	(238)	(18,069)	–	–	(107,785)	612,841	393,254	(982,846)	101,491
Investment properties	42,520	2,944	159,038	59,313	52,335	34,240	350,390	–	–	49,653	903,400	–	–	–	–	1,303,443
Property, plant and equipment	314	–	–	106	3	–	423	(423)	–	–	–	–	–	–	–	–
Intangible assets	73	–	–	–	–	–	73	(73)	–	–	–	–	–	–	–	–
Deferred income tax assets	–	–	1,584	167	–	–	1,751	–	–	(1,751)	–	–	–	–	–	–
Investment in subsidiaries	57,416	–	–	–	–	–	57,416	–	–	(57,416)	–	–	–	–	–	–
	100,323	2,944	160,622	59,586	52,338	34,240	410,053	(496)	–	(9,514)	903,400	–	–	–	–	1,303,443
Total assets	216,162	5,958	204,876	80,949	70,481	35,961	614,387	(734)	(18,069)	(9,514)	903,400	(107,785)	612,841	393,254	(982,846)	1,404,934

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

4. Statement of adjustments (continued)

4.2 Unaudited Pro Forma Consolidated Balance Sheet as at Listing Date (continued)

	Per audited balance sheets															Pro forma balance sheet as at Listing Date
	HCP	HFZ	HBG	ZHS	HCL	FHW										
	As at Listing Date						Total	Pro forma adjustments								
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000 (a)	S$'000 (b)	S$'000 (c)	S$'000 (d)	S$'000 (e)	S$'000 (f)	S$'000 (g)	S$'000 (h)	S$'000
Liabilities																
Current liabilities																
Trade and other payables	26,297	3,694	56,037	5,211	6,503	345	98,087	(24,779)	9,128	282,035	–	(127,457)	–	–	(228,373)	8,641
Deferred income	–	–	–	–	–	–	–	–	–	–	–	2,781	–	–	–	2,781
Borrowings	55,626	–	10,191	18,353	–	–	84,170	–	(30,107)	–	–	(42,186)	–	2,059	(11,877)	2,059
Current income tax liabilities	2,409	184	–	9	1,155	244	4,001	–	4,197	–	–	–	–	–	–	8,198
	84,332	3,878	66,228	23,573	7,658	589	186,258	(24,779)	(16,782)	282,035	–	(166,862)	–	2,059	(240,250)	21,679
Borrowings	79,547	–	67,731	46,753	–	–	194,031	–	–	–	–	–	–	391,195	(194,031)	391,195
Rental deposits	–	–	–	–	–	–	–	–	–	–	–	47,952	–	–	–	47,952
Deferred income	–	–	–	–	–	–	–	–	–	–	–	11,125	–	–	–	11,125
Deferred income tax liabilities	710	102	–	–	143	40	995	–	–	10,662	238,578	–	–	–	–	250,235
Government grant	–	–	–	724	–	–	724	–	–	–	–	–	–	–	–	724
	80,257	102	67,731	47,477	143	40	195,750	–	–	10,662	238,578	59,077	–	391,195	(194,031)	701,231
Total liabilities	164,589	3,980	133,959	71,050	7,801	629	382,008	(24,779)	(16,782)	292,697	238,578	(107,785)	–	393,254	(434,281)	722,910
Net assets attributable to Unitholders	51,573	1,978	70,917	9,899	62,680	35,332	232,379	24,045	(1,287)	(302,211)	664,822	–	612,841	–	(548,565)	682,024

4. Statement of adjustments (continued)

4.2 Unaudited Pro Forma Consolidated Balance Sheet as at Listing Date (continued)

Notes:

(a) Being adjustments to reflect assets and liabilities of the PRC Property Companies that will not be acquired by the REIT.

(b) Being adjustments to reflect the material changes in working capital balances, notes payables and borrowings subsequent to latest audited financial year end to Listing Date.

(c) Being adjustments to reflect the consideration payables in relation to the acquisition of the IPO Portfolio by the REIT.

(d) Being adjustment to reflect the revaluation of the investment properties on valuation as at 31 December 2015 and the corresponding deferred tax impact.

(e) Being adjustments to reflect elimination of inter-company balances, settlement of related parties balances, repayment of a portion of the existing bank borrowings and receipt of rental deposits from lessees for properties under master lease arrangements.

(f) Being adjustment to reflect the issue of new units during the Offering.

(g) Being adjustments to reflect the proceeds from the draw-down of the New Debt Facilities.

(h) Being adjustments to reflect the redemption of the existing units held by the initial unitholder of the REIT, repayment of purchase consideration in relation to the acquisition of the PRC Property Companies and repayment of the existing bank borrowings.

5. Significant accounting policies

The significant accounting policies adopted by the Group, which are consistent with the significant accounting policies adopted in preparing the Unaudited Pro Forma Consolidated Financial Information (the "Pro Forma Financial Information") are as follows:

The Pro Forma Financial Information has been prepared in accordance with the basis set out in Note 3 and are drawn up in accordance with Singapore Financial Reporting Standards. The Pro Forma Financial Information have been prepared under the historical cost convention except as disclosed in the significant accounting policies set out below.

5.1 Basis of consolidation

The Pro Forma Financial Information includes the financial statements of the REIT and its subsidiaries as at Listing Date, which include all its direct and indirect subsidiaries.

5.2 Group accounting – subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the Pro Forma Financial Information, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the REIT. They are shown separately in the Statements of Total Return, Statement of Changes in Unitholders' Funds, and Balance Sheet. Total return is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

5. Significant accounting policies (continued)

5.3 Investment Properties

Investment properties for the Group are held for long-term rental yields and/or for capital appreciation.

Investment properties are accounted for as non-current assets and are initially recognised at cost and are subsequently carried at fair value in accordance with the Trust Deed and the Code of Collective Investment Schemes ("CIS"). The investment properties are required to be valued by independent registered valuers at least once a year. Changes in fair value are recognised in the Statements of Total Return.

Investment properties are subject to renovations or improvements from time to time. The costs of major renovations and improvements are capitalised and the carrying amounts of the replaced components are recognised in the Statements of Total Return. The costs of maintenance, repairs and minor improvements are recognised in the Statements of Total Return when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to the Statements of Total Return.

If an investment property becomes substantially owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

5.4 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" (Note 6) and "trade and other receivables" (Note 7) on the Unaudited Pro Forma Consolidated Balance Sheet.

5. Significant accounting policies (continued)

5.4 Financial assets (continued)

(b) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in Statement of Total Return.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the Statement of Total Return when the changes arise.

(e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in Statement of Total Return.

5. Significant accounting policies (continued)

5.4 Financial assets (continued)

(e) Impairment (continued)

The impairment allowance is reduced through Statement of Total Return in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

5.5 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Statement of Total Return over the period of the borrowings using the effective interest method.

5.6 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

Payments received in advance from customers are included within trade and other payables as “advance rental”.

5.7 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are recognised as a deferred income and will be recognised in the Statement of Total Return over the life of the depreciable asset.

5. Significant accounting policies (continued)

5.8 Leases

Operating Lease – When the Group is a lessor:

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the Statements of Total Return on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in the Statements of Total Return when earned.

Security deposits received on long term leases are accounted for as a financial liability and recognised at fair value, determined as the present value of the consideration received discounted at the Group's cost of borrowings. The financial liability will be accreted using the effective interest rate method over the lease term. The accretion charges will be recognised as finance expenses in the Group's consolidated statement of total return.

The difference between the consideration received and the fair value of the security deposits will be recognised as deferred income in the Group's consolidated balance sheet. The deferred income will be recognised on a straight line basis over the lease term as rental income in the Group's consolidated statement of total return.

5.9 Currency translation

(a) Functional and presentation currency

Items included in the Pro Forma Financial Information of the Group are measured using the currency of the primary economic environment that the entity operates (the "functional currency"). The accompanying Pro Forma Financial Information are presented in Singapore Dollars (SGD), which is the functional currency of the REIT.

5. Significant accounting policies (continued)

5.9 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency (the "foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the Statement of Total Return.

Foreign exchange gains and losses that relate to borrowings are presented in the Statements of Total Return within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the Statements of Total Return within "other gains/(losses) – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

5. Significant accounting policies (continued)

5.10 Units and unit issuance expenses

Proceeds from the issuance of units in the Trust are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of new units are deducted directly from the net assets attributable to the Unitholders.

5.11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and is presented net of goods and services tax, rebates and discounts.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rental income and service charges from operating leases

Rental income and service charges from operating leases on the investment properties are recognised on a straight-line basis over the lease term.

(b) Interest income

Interest income is recognised using the effective interest method.

5.12 Expenses

(a) Manager's management fees

Manager's management fees are recognised on an accrual basis using the applicable formula stipulated below:

The REIT Manager is entitled under the Trust Deed to receive the following remuneration:

(i) a Base Fee at a rate of 10.0% per annum of the REIT's Distributable Income (calculated before Base Fee and Performance Fee in each financial year);

(ii) a Performance Fee equal to 25.0% of the difference in DPU in a financial year with the DPU in the preceding full financial year (calculated before accounting for the Performance Fee but after accounting for the Base Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year; and

(iii) an Acquisition Fee of 0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentages as may be determined by the REIT Manager in its absolute discretion).

5. Significant accounting policies (continued)

5.12 Expenses (continued)

(b) Trustee's fees

Trustee's fees are recognised on an accrual basis, and shall not exceed 0.1% per annum of the value of the Deposited Property, subject to a minimum of S$12,000 per month, excluding out-of-pocket expenses and GST in accordance with the Trust Deed. The Trustee's fee is accrued daily and paid monthly in arrears in accordance with the Trust Deed.

5.13 Borrowing costs

Borrowing costs are recognised in the Statements of Total Return using the effective interest method, except for those costs that are directly attributable to the construction or development of properties. This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

6. Cash and cash equivalents

	31 December 2015 S$'000	**Listing Date S$'000**
Cash at bank	15,041	91,417
Less: Restricted cash (Note 11)	(13,288)	–
	1,753	**91,417**

7. Trade and other receivables

	31 December 2015 S$'000	Listing Date S$'000
Trade receivables due from third party	7,202	7,202
Amount due from Sponsor	95,887	–
Loan to third parties	55,780	–
Prepayments	700	700
Deposit	137	137
Note receivable	144	144
Interest receivable	356	356
VAT receivable	1,535	1,535
	161,741	**10,074**

The amount due from Sponsor as at 31 December 2015 is interest-free, unsecured and repayable on demand.

8. Investment properties

	31 December 2015 and Listing Date S$'000
Cost of investment properties	389,404
Less: Accumulated depreciation	(39,015)
Net book value of investment properties before fair value adjustment	350,389
Fair value changes on investment properties	953,054
Investment properties, at fair value	**1,303,443**

Investment properties are carried at purchase price (determined based on valuation) together with acquisition related costs of the investment properties as at balance date as this represents the initial cost of acquisition of the investment properties.

The properties will be revalued at subsequent balance sheet dates as determined by independent professional valuers.

Investment properties are pledged as security for the Group's borrowings (Note 11).

8. Investment properties (continued)

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – unobservable inputs for the assets or liability.

All investment properties are classified within Level 3.

Valuation technique	Unobservable inputs	Range
Discounted cash flow method	Discount rate	8% – 9%
	Terminal capitalisation rate	6.25% – 6.5%

The significant unobservable inputs used in the fair value measurement of investment properties are as listed above. Significant increases to the discount rate and/or terminal capitalisation rate in isolation would result in a significantly lower fair valuation of the investment properties.

9. Trade and other payables

	31 December 2015 S$'000	Listing Date S$'000
Trade payables	2,001	2,001
Amount due to Sponsor	33,390	–
Loan from third parties	3,963	–
Purchase consideration due to Sponsor in relation to acquisition of the PRC Property Companies	282,035	–
Advance rental	2,618	2,618
Accrued operating expenses	647	647
Accrued taxes, other than income tax	3,375	3,375
	328,029	**8,641**

The amount due to Sponsor as at 31 December 2015 is interest-free, unsecured and repayable on demand.

10. Rental deposits and deferred income

On Listing Date, the Group received security deposits which amount to S$61,858,000 from the Sponsor for properties under master lease arrangements. These deposits are refundable to the Sponsor at the end of the lease term.

The fair value of the financial liability, determined as present value of the security deposits discounted at the Group's cost of borrowings amount to S$47,952,000. This amount has been recognised as a non-current liability and will be accreted using the effective interest rate method over the lease term. The accretion charges will be recognised as finance expenses in the Group's consolidated statement of total return.

The difference between the consideration received and the fair value of the security deposits amount to S$13,906,000. This amount has been recognised as deferred income on the balance sheet. The deferred income will be recognised on a straight line basis over the lease term as rental income in the Group's consolidated statement of total return.

11. Borrowings

	31 December 2015 S$'000	**Listing Date S$'000**
Note payables (secured) – (i)	26,575	–
Bank borrowings (secured) – (ii), (iii)	251,626	405,908
Less: Unamortised debt issuance cost	–	(12,654)
	278,201	**393,254**
Represented by:		
Current portion	84,170	2,059
Non-current portion	194,031	391,195

(i) Note payables (secured) – 31 December 2015

The Group's notes payables are secured by pledge over the Group's cash and cash equivalents (Note 6). These notes payables are due in 2016 and have been classified as current liability in the unaudited pro forma consolidated balance sheet as at 31 December 2015.

(ii) Bank borrowings (secured) – 31 December 2015

As at 31 December 2015, the Group has bank borrowings amounting to S$251,626,000. These borrowings were secured by pledge over the Group's investment properties (Note 8) and cash and cash equivalents (Note 6).

11. Borrowings (continued)

(iii) Bank borrowings (secured) – As at Listing Date

On the Listing Date, the Group will have in place an aggregate amount of S$205,908,000 (RMB1,004.2 million) onshore term loans (the "Onshore Facilities") and a S$200,000,000 syndicated term loan (the "Offshore Facility"). The key terms of the Onshore Facilities and the Offshore Facility are as follows:

Onshore Facilities

As at the Listing Date, certain subsidiaries of the REIT will have in place an aggregate amount of S$205,908,000 (RMB1,004.2 million) onshore term loans from various financial institutions. The Onshore Facilities will have a maturity of 3 years.

A portion of these loans, amounting to S$2,059,000, will be due for repayment within the next financial year. As such, they have been classified as current liability in the unaudited pro forma consolidated balance sheet as at Listing Date.

The Onshore Facilities have an effective interest rate of approximately 6.1% per annum and such effective interest rate includes the upfront debt issuance costs.

The Onshore Facilities are secured by:

- Pledge over certain investment properties (Note 8) of the Group;
- Pledge of all sales proceeds, rental income, bond pledge and all other revenue derived from the investment properties of the Group; and
- An assignment of all insurance policies in relation to the investment properties with the onshore security agent (being DBS Bank (China) Limited) named as the first beneficiary.

Offshore Facility

As at the Listing Date, the REIT will have in place a S$200,000,000 syndicated term loan provided by various financial institutions. The Offshore Facility will have a maturity of 3 years. The Offshore Facility has an effective interest rate of 4.8% per annum, and such effective interest rate includes the upfront debt issuance costs.

11. Borrowings (continued)

(iii) Bank borrowings (secured) – As at Listing Date (continued)

Offshore Facility (continued)

The Offshore Facilities are secured by:

- Pledge over entire issued equity interest of certain subsidiaries of the REIT;
- Pledge over the investment properties (Note 8) of the Group; and
- A first priority account charge over all the bank accounts of the REIT and certain subsidiaries of the REIT relating to and/or in connection with the investment properties of the Group and any proceeds relating to investment properties of the Group.

The exposure of the borrowings of the Group to interest rate changes and the contractual re-pricing dates as at Listing Date are as follows:

	Listing Date S$'000
<1 year	2,059
1 – 3 years	403,849
Total	405,908

12. Deferred income taxes

Deferred tax assets and liabilities (prior to offsetting of balances within the same jurisdiction) are as follows:

	31 December 2015 and Listing Date S$'000
Deferred income tax asset arising from:	
– Tax losses carried forward	1,751
Deferred income tax liability arising from:	
– Accrued rental income	995
– Fair value gain on investment properties	250,991

13. Government grants

The Group received grants amounting to S$809,000 from local government authority for construction of Phase 2 of Hengde Logistics Property. The grants are recognised as deferred income on initial recognition, and will be recognised in the Statement of Total Return over the life of the depreciable asset. There are no outstanding conditions attached to the grant from the local government authority for the construction of Phase 2 of Hengde Logistics Property.

14. Commitments

Operating lease commitments – where the Group is a lessor

The Group leases out warehouse and logistic space under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. Some lessees are required to pay contingent rents computed based on their sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for as at Listing Date but not recognised as receivables, are as follows:

	31 December 2015 and Listing Date S$'000
Not later than one year	85,379
Between one and five years	347,355
Later than five years	17,843
	450,577

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above disclosure, the prevailing lease rentals are used.

15. Financial risk management

The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management is carried out under policies approved by the REIT Manager. The REIT Manager provides written principles for overall risk management as well as written policies covering specific areas, such as interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities.

15. Financial risk management (continued)

(a) Market risk

(i) Currency risk

The Group's portfolio of properties is located in PRC, held *via* special purpose vehicles located in PRC and the cash flows from the operation of the Properties is denominated in RMB. The PRC's special vehicles are held by holding companies in Singapore, which are in turn held by the REIT. The REIT will distribute dividend in SGD. These various levels of holding expose the REIT to fluctuations in the currency rates of RMB and SGD.

Changes in foreign currency rate for RMB to SGD will impact the distribution income of the REIT and consequently, the dividend yield, as the distribution are paid in SGD. The effect of variation in foreign currency rates on the distribution yield is discussed in "Profit Forecast and Profit Projection".

The REIT Manager endeavours to utilise currency risk management strategies where appropriate from time to time to minimise the impact of the REIT's distributable income due to foreign exchange volatility. These strategies will include the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge. Depending on the market outlook for the RMB and the SGD and any other currencies which the REIT has exposure to, the REIT Manager may consider adopting currency hedging strategies with reputable financial institutions.

(ii) Price risk

The Group is not exposed to equity securities price risk because the Group does not hold significant equity investments.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risk arises from its borrowings which bear floating interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk. The REIT Manager endeavours to utilise interest rate hedging strategies where appropriate from time to time to ensure stable returns to Unitholders. The REIT Manager will adopt prudent and proactive interest rate management strategies including interest rate swaps with reputable banks to manage the risk associated with changes in interest rates on the loan facilities while ensuring that the REIT's on-going cost of debt capital remains reasonable and continues to create value to the returns to Unitholders.

15. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

As at the Listing Date, EC World REIT has fixed the interest rate for 50.0% of the Offshore Facility at an average on-going rate of approximately 4.2% per annum via interest rate swaps. The interest rate swaps have a weighted average tenure of three years.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group which are exposed to credit risk are bank deposits, trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivables that are neither past due nor impaired are companies with an insignificant credit risk.

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash to fund its working capital and financial obligations. At the end of each reporting period, assets held by the Group for managing liquidity risk included cash and short-term deposits. In addition, the REIT Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "CIS Code") concerning the leverage limits as well as bank covenants imposed by the banks on the various borrowings.

(d) Capital risk

The REIT is subject to the aggregate leverage limit as defined in the Appendix 6 of the CIS Code ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of its Deposited Property.

15. Financial risk management (continued)

(d) Capital risk (continued)

The REIT Manager aims to optimise the capital structure and cost of capital, within the Aggregate Leverage limit in the Property Fund Appendix. Such strategy involves adopting and maintaining appropriate Aggregate Leverage level to ensure optimal returns to Unitholders, while maintaining flexibility in respect of future capital expenditures or acquisitions. The Manager will endeavour to employ an optimal term and capital structure, comprising an appropriate mix of debt (of varying tenures) and equity in financing the acquisition of properties and asset enhancement activities of its properties.

The Manager will periodically review the REIT's capital management policy with respect to its Aggregate Leverage and modify the policy as the Manager deems prudent in light of prevailing market conditions. The Manager will endeavour to deploy an optimised term structure of the REIT's indebtedness, and constantly seek opportunities to employ long-term, fixed-rate debt to the extent practicable to minimise interest rate risks. As and when appropriate, the Manager may consider diversifying its sources of debt financing in the future by way of accessing the public debt capital markets through the issuance of bonds to further enhance the debt maturity profile of the REIT.

(e) The fair values of current financial assets and financial liabilities carried at amortised cost approximate their carrying amounts.

16. Authorisation of financial information

These unaudited pro forma consolidated financial information were authorised for issue in accordance with a resolution of the Board of Directors of the REIT Manager on 20 July 2016.

INDEPENDENT TAXATION REPORT

The Board of Directors
EC World Asset Management Pte. Ltd.
as Manager of EC World Real Estate Investment Trust
8 Shenton Way
#37-03 AXA Tower
Singapore 068811

DBS Trustee Limited
as Trustee of EC World Real Estate Investment Trust
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

20 July 2016

Dear Sirs

This letter has been prepared at the request of EC World Asset Management Pte. Ltd. (the "**Manager**") for inclusion in the prospectus ("**Prospectus**") to be issued in relation to the initial public offering of units ("**Units**") in EC World Real Estate Investment Trust ("**EC World REIT**") on Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The purpose of this letter is to provide prospective purchasers of the units in EC World REIT with an overview of the Singapore income tax consequences of the purchase, ownership and disposition of the Units. This letter principally addresses Unitholders who hold the Units as investment assets. Unitholders who hold or acquire the Units for dealing purposes should consult their own tax advisors concerning the tax consequences of their particular situations.

This letter also provides an overview of the tax consequences in the People's Republic of China ("**PRC**").

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Unitholders should consult their own tax advisors concerning the tax consequences of their particular situations. In particular, Unitholders who are not Singapore tax residents are advised to consult their own tax advisors to take into account the tax laws of their respective countries of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on Singapore and PRC income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Prospectus have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include any gender.

SINGAPORE TAXATION

Corporate Income Tax

A company is regarded as tax resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. Generally, control and management of the company is vested in its board of directors and the place where the board of directors' meetings are held is regarded to be the place where the management and control of the company is exercised.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore, and subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore.

Foreign-sourced income in the form of branch profits, dividends and service fee income received or deemed received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax subject to meeting the following conditions:

(i) At the time the foreign-sourced income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received is at least 15%;

(ii) Such foreign-sourced income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and

(iii) The Comptroller is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

The prevailing corporate tax rate in Singapore is 17%. In addition, companies will be able to enjoy a partial tax exemption on the first S$300,000 of chargeable income as follows:

(i) 75% of the first S$10,000; and

(ii) 50% of the next S$290,000.

The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate.

A start-up tax exemption scheme ("Full Tax Exemption Scheme") is granted to newly incorporated Singapore companies for the first 3 consecutive Years of Assessment, subject to certain conditions. Under the Full Tax Exemption Scheme, the first S$300,000 of the company's normal chargeable income will be exempted as follows:

(i) 100% of the first S$100,000 of chargeable income; and

(ii) 50% of the next S$200,000 of chargeable income.

The remaining chargeable income (after the tax exemptions) will be taxed at the prevailing corporate tax rate of 17%.

However, the Full Tax Exemption Scheme is no longer available to the following companies which are incorporated after 25 February 2013:

- A company whose principal activity is that of investment holding; and
- A company whose principal activity is that of developing properties for sale, for investment, or for both investment and sale.

General Principles of Taxation of a Trust

The income of a trust derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore within the meaning of the Income Tax Act, Chapter 134 of Singapore ("**SITA**") will be chargeable to Singapore income tax ("**Taxable Income**") unless otherwise exempted. There is no capital gains tax in Singapore. However, gains from the sale of investments are chargeable to tax if such gains are derived from carrying on a trade or business of dealing in investments in Singapore.

Singapore income tax is imposed on all income chargeable to tax after deduction of the allowable expenses.

Taxable Income of a trust is assessed to tax in the name of the trustee at the prevailing corporate tax rate. However, specified foreign-sourced income received in Singapore by real estate investment trusts ("**REITs**") listed on the SGX-ST ("**S-REIT**") may be granted tax exemption under Section 13(8) or Section 13(12A) of SITA where certain conditions are met.

Taxation of EC World REIT

Interest and Dividends Receivable by EC World REIT

The Trustee will be subject to Singapore income tax at the prevailing corporate tax rate on income of EC World REIT derived from or accrued in Singapore, or earned outside Singapore and received or deemed received in Singapore from outside Singapore (i.e. Taxable Income) within the meaning of the SITA. Such Taxable Income would comprise interest income received from Singapore Holding Companies or interest income arising from bank deposits placed with financial institution in Singapore or interest income received in Singapore from financial institution outside Singapore. The current Singapore corporate tax rate is 17.0%.

Dividends receivable by EC World REIT from the Singapore Holding Companies are one-tier exempt dividends. This means that the Trustee will not be taxed on such dividend income distributed by the Singapore Holding Companies resident in Singapore.

Tax exempt dividends received from the Singapore Holding Companies will be referred to as Tax Exempt Income.

Return of Capital and Principal Repayment of Shareholder's Loans by the Singapore Holding Companies

The amounts received by EC World REIT for return of capital and principal repayment of shareholder's loans are capital in nature and are hence not taxable in the hands of the Trustee.

Gains on disposal of shares in the Singapore Holding Companies

Singapore does not impose tax on capital gains. In the event that the Trustee disposes of its shares in the Singapore Holding Companies, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business. Such gains may also be liable to tax in the hands of the Trustee if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in the Singapore Holding Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Trustee.

Goods and Services Tax ("GST") Registration of EC World REIT

To the extent that EC World REIT only derives dividend and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

Recovery of GST incurred by EC World REIT

GST would be incurred by EC World REIT on offering-related and routine operating expenses incurred in Singapore. In the Singapore Budget 2008, the Minister for Finance announced an enhanced concession for S-REITs to claim GST incurred:

– on the setting up of their various tiers of SPVs that hold non-residential properties; and

– by their SPVs on the acquisition and holding of non-residential properties.

In the Singapore Budget 2015, the Minister for Finance announced a further enhancement on the GST concession to allow S-REITs to claim GST on expenses incurred to set up SPVs used solely to raise funds for the S-REITs, and the SPVs do not hold qualifying assets of the S-REITs, directly or indirectly. These S-REITs will also be allowed to claim GST on the business expenses of such SPVs.

The above GST concessions will expire on 31 March 2020 and is subject to meeting certain qualifying conditions.

Taxation of the Singapore Holding Companies

Interest and Dividends Receivable by the Singapore Holding Companies

Pursuant to tax rulings obtained from the IRAS, the Singapore Holding Companies receiving interest income from the PRC Property Companies will be exempt from Singapore income tax under Section 13(12A) of the SITA on such interest. The exemption is subject to conditions.

Provided the Singapore Holding Companies are tax residents of Singapore for income tax purposes, the Singapore Holding Companies should also be exempt from Singapore income tax under Section 13(8) of the SITA on the dividends received from the PRC Property Companies on the basis that the underlying income is subject to income tax and withholding tax in the PRC and the highest rate of profits tax rate in the PRC at the time the income is received in Singapore is not less than 15.0%.

Return of Capital and Principal Repayment of Shareholder's Loans by the PRC Property Companies

The amounts received by the Singapore Holding Companies for return of capital and principal repayment of shareholder's loans are capital in nature and are hence not taxable in the hands of the Singapore Holding Companies.

Gains on disposal of shares in the PRC Property Companies

Singapore does not impose tax on capital gains. In the event that the Singapore Holding Companies dispose of shares in the PRC Property Companies, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business carried on in Singapore. Such gains may also be liable to tax in the hands of the Singapore Holding Companies if the shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes. Any gains arising from the sale of shares in the PRC Property Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax, currently at 17.0%, on the Singapore Holding Companies.

GST Registration of the Singapore Holding Companies

To the extent that the Singapore Holding Companies only derive dividend and interest income and does not make any taxable supplies for GST purposes, it does not have a liability to register for GST in Singapore.

Hence, any GST on expenses incurred by the Singapore Holding Companies in Singapore will not be recoverable by the Singapore Holdings Companies if they are not registered for GST.

Taxation of Unitholders

Distributions out of Taxable Income

Unitholders will not be subject to Singapore income tax on distributions made out of EC World REIT's income that has been taxed at the Trustee level. Accordingly, distributions made by EC World REIT out of Taxable Income to the Unitholders will not be subject to any tax deduction at source. No tax credit will be given to any Unitholder on the tax payable by the Trustee on such Taxable Income.

Distributions out of Tax Exempt Income

Unitholders will not be subject to Singapore income tax on distributions made out of EC World REIT's Tax Exempt Income. No tax will be deducted at source on such distributions.

Distributions out of Return of Capital and Principal Repayment of Shareholder's Loans from the Singapore Holding Companies

Unitholders will not be subject to Singapore income tax on distributions made by EC World REIT out of its capital receipts, such as return of capital or principal repayment of shareholder's loans from the Singapore Holding Companies. No tax will be deducted at source on such distributions.

For Unitholders who hold the Units as trading assets and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of such distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gain when

the Units are disposed of. If the amount (being the distributions made by EC World REIT out of its capital receipts) exceeds the cost of the Units, the excess will be subject to tax as a trading income of such Unitholders.

Distributions out of Gains from the Disposal of Shares in the Singapore Holding Companies

Unitholders will not be subject to Singapore income tax on distributions made by EC World REIT out of gains from the disposal of shares in the Singapore Holding Companies if the gains are considered to be capital in nature.

Gains derived by the Trustee from the disposal of shares in the Singapore Holding Companies, if considered to be trading gains or gains of an income nature, will be assessed to tax on the Trustee.

Distributions made from such gains will not be subject to further tax in the hands of the Unitholders.

Disposal of the Units

Singapore does not impose tax on capital gains. Therefore, any gains on disposal of the Units which are capital in nature are not liable to Singapore income tax. However, if the gains are considered income of a trade or business carried on in Singapore, such gains will be liable to Singapore income tax. Such gains may also be considered income in nature if the intention of the Unitholder was not to hold the Units as long-term investments.

As the tax status of a Unitholder may vary from another, Unitholders are advised to consult their own tax advisers on the tax consequences that may apply to the holding and disposal of the Units.

Stamp Duty

Stamp duty will not be imposed on instruments relating to the transfer of the Units.

GST on Issue and Transfer of the Units

The issue or transfer of ownership of a unit under any unit trust in Singapore is exempt from GST. Hence, the Unitholders would not incur any GST on the subscription of the Units in EC World REIT. The subsequent disposal of the Units in EC World REIT by a GST-registered Unitholder through the SGX-ST (where buyer's identity is not known) or to another person belonging in Singapore is regarded as an exempt supply and not subject to GST. The disposal or transfer of the Units through an overseas exchange (where buyer's identity is not known) or to another person belonging outside Singapore would constitute zero-rated supplies for GST purposes.

Recovery of GST incurred by Unitholders

Generally, services such as legal fee, brokerage, handling and clearing charges rendered by a GST-registered person to the Unitholders belonging in Singapore in connection with their purchase and sale of the Units in EC World REIT would be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to the Unitholders belonging outside Singapore would generally be subject to GST at zero-rate when certain conditions are met.

Where the Unitholders are registered for GST, any GST on expenses incurred in connection with the subscription/acquisition or disposal of the Unitholders in EC World REIT is generally not recoverable as input tax credit from the IRAS unless certain conditions are satisfied. These GST-registered Unitholders should seek the advice from their tax advisors on these conditions.

PRC TAXATION

Taxation of the Singapore Holding Companies and the PRC Property Companies

PRC Income Tax

Under the PRC Corporate Income Tax Law (中华人民共和国企业所得税法) and its implementation rules that became effective on 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC are subject to withholding tax at the rate of 10.0% on various types of passive income, including rental income, interest income and capital gains, derived from the PRC.

The Singapore Holding Companies are currently treated as having no business establishment in the PRC. As such, interest income derived by the Singapore Holding Companies will be subject to PRC withholding income tax at the rate of 10.0%, unless there is a tax treaty between the PRC and the jurisdiction in which the Singapore Holding Companies are tax resident, which specifically exempts or reduces such withholding tax.

Under the PRC Corporate Income Tax Law and its implementation rules, the standard income tax rate of 25.0% should be applied to FIEs as well as PRC domestic enterprises, while dividends earned after 1 January 2008 paid by PRC FIEs to their non-PRC parent companies will be subject to a 10.0% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent is tax resident, which specifically exempts or reduces such withholding tax.

According to the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Double Taxation Agreements (国家税务总局关于如何理解和认定税收协定中" 受益所有人" 的通知) promulgated by the PRC State Administration of Taxation on 27 October 2009 and effective from 27 October 2009, tax treaty benefits are applicable to "beneficial owner" and the term refers mainly to a person who has the right to own and dispose of the income and the rights or properties generating the said income. The "beneficial owner" may be an individual, a company or any other organisation which is usually engaged in substantial business operations. An agent, a conduit company or a shell company without business substance is not a "beneficial owner".

In line with the above, it is expected that the PRC Property Companies will be subject to tax on its taxable income, currently at a rate of 25.0%. Where the Singapore Holding Companies may rely on the tax treaty between the PRC and Singapore and are considered as the "beneficial owner" of the dividends, the withholding tax rate for dividends would be 5.0%. Otherwise, a 10.0% withholding rate will apply to any dividends paid by the PRC Property Companies to the Singapore Holding Companies.

Value-added Tax

Value-added tax is payable in respect of provision of services, intellectual properties or immovable properties in the PRC as set out in the Notice Jointly Issued by the MOF and SAT on the Comprehensive Roll-out of the B2V Transformation Pilot Program ("**Circular 36**") (财政部、国家税务总局关于全面推开营业税改征增值税试点的通知), which was promulgated on 23 March 2016. Furhter to Circular 36, value-added tax treatment for general value-added tax taxpayers, small-scale tax payers and individuals to operate the leasing services of immovable properties, which are acquired both before and after 1 May 2016, is clarified as set out in the Public Notice Issued by the SAT Releasing the <Provisional Measures on the Value-added Tax Collection and Administration for Operation of Leasing Services for Immovable Properties> ("**Public Notice 16**") (国家税务总局关于发布《纳税人提供不动产经营租赁服务增值税征收管理暂行办法》的公告), which was promulgated on 31 March 2016. Leasing of immovable properties is

generally subject to the general value-added tax method at a tax rate of 11.0% on the total sales considerations and additional fees received with input value-added tax credit claim, while for immovable properties acquired before 1 May 2016, the simplified value-added tax method can be elected at a reduced tax rate of 5.0% without input value-added tax credit claim. Interest income is generally subject to value-added tax at 6.0%. Deposit interest income is exempt from value-added tax.

The PRC Property Companies and the Singapore Holding Companies should be subject to value-added tax at 5.0% on the total rental income if the simplified value-added tax method is elected and interest income at 6.0% (if any), respectively, derived from the PRC. The said total rental income should include all the payments and surcharges received by the PRC Property Companies.

Real Estate Tax

According to the PRC Tentative Regulations on Real Estate Tax (中华人民共和国房产税暂行条例), which was promulgated by the State Council on 15 September 1986 and effective from 1 October 1986 and as amended on 8 January 2011, and the real estate tax practice in Hangzhou, the PRC Property Companies should be liable for real estate tax at 1.2% on the 70.0% of the book value of the property when it is for self-use. Alternatively, tax may be assessed at 4.8% of the rental income according to the tax practice in Hangzhou.

Land Use Tax

Pursuant to the PRC Tentative Regulations on Land Use Tax in respect of Urban and Town Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council on 27 September 1988 and effective from 1 November 1988, the land use tax in respect of urban and town land is levied according to the area of relevant land. Currently, the land use tax is between RMB1.50 and RMB30.0 per sq m per annum in respect of land located in metropolitan area, including Hangzhou. For land within the area of urban and town in Hangzhou, the applicable land use tax is currently between RMB2.00 and RMB12.00 per sq m per annum.

Stamp Duty

Under the PRC Tentative Regulations on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council on 6 August 1988 and effective from 1 October 1988 and as amended on 8 January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the stamp duty is charged at 0.05% of the amount stated therein. For permits and certificates relating to rights, including real estate title certificates and state-owned land use rights certificates, the stamp duty is levied on an item-by-item basis at RMB5 per document. For building leases, the stamp duty rate is 0.1% of the rental, and for construction and installation project contracts, the stamp duty rate is 0.03% of the amount stated therein. The stamp duty is payable by both parties to the contracts.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council on 7 July 1997 and effective from 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or building ownership within the PRC. These taxable transfers include grant of state-owned land user rights and sale, gift and exchange of land use rights or building ownership, other than the transfer of contracting management rights of rural collective land. The rate of deed tax is 3.0% to 5.0% subject to determination by local governments at the provincial level in light of the local conditions.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中华人民共和国土地增值税暂行条例) promulgated by the State Council on 13 December 1993 and effective from 1 January 1994 as amended on 8 January 2011 and its implementation rules, all income from the sale or transfer of state-owned land use rights, and buildings and their attached facilities in the PRC, is subject to land appreciation tax at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential houses if the appreciation value does not exceed 20.0% of the total deductible items, but this exemption does not extend to sale of commercial properties.

Urban Maintenance and Construction Tax and Education Surcharge

Under the PRC Interim Regulations on Urban Maintenance and Construction Tax (中华人民共和国城市维护建设税暂行条例) promulgated by the State Council on 8 February 1985 as amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of consumption tax or value-added tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7.0% for a taxpayer whose domicile is in an urban area, 5.0% for a taxpayer whose domicile is in a county and a town, and 1.0% for a taxpayer whose domicile is not in any urban area or county or town, each calculated on the consumption tax or value-added tax which has been paid by such taxpayer.

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附件的暂行规定) promulgated by the State Council on 28 April 1986 and as amended on 7 June 1990, 20 August 2005 and 8 January 2011 respectively, a taxpayer, whether an individual or otherwise, of consumption tax or value-added tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge pursuant to the Notice issued by the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). The tax rate of the education surcharge shall be 3.0% of the consumption tax or value-added tax which has been paid by such taxpayer.

According to the PRC Education Law issued on 18 March 1995, provincial governments are empowered to collect local education surcharge. Under the Notice Concerning Unification of Local Education Surcharge Policy (关于统一地方教育附加政策有关问题的通知) issued by the Ministry of Finance of the PRC on 7 November 2010, local education surcharge rate shall be unified to 2.0% of the consumption tax or value-added tax which has been paid by such taxpayer.

Under the Supplementary Notice Concerning Imposition of Education Surcharge (国务院关于教育费附加征收问题的补充通知) issued by the State Council on 12 October 1994, the Circular Concerning Temporary Exemption from Urban Maintenance and Construction Tax and Education Surcharge for FIEs and Foreign Enterprises (国家税务总局关于外商投资企业和外国企业暂不征收城市维护建设税和教育附加的通知), and the Approval on Exemption of Urban Maintenance and Construction Tax and Education Surcharge in Foreign-invested Freightage Enterprises (国家税务总局关于外商投资货物运输企业免征收城市维护建设税和教育费附加问题的批复) issued by the PRC State Administration of Taxation on 25 February 1994 and on 14 September 2005 respectively (which now have been invalidated), neither the urban maintenance and construction tax nor the education surcharge shall be applicable to FIEs until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Urban Maintenance and Construction Tax and Education Surcharge System of Domestic Enterprises, FIEs and Individuals (国务院关于统一内外资企业和个人城市维护建设税和教育费附加制度的通知) issued by the State Council on 18 October 2010, and the Notice on Enhancement of Finance Investment in Education (国务院关于进一步加大财政教育投入的意见) issued by the State Council on 29 June 2011, both the urban maintenance and construction tax and education surcharge (including local education surcharge) shall be applicable to FIEs from 1 December 2010 onwards.

Accordingly, the Singapore Holding Companies and the PRC Property Companies should be liable for urban maintenance and construction tax, education surcharge and local education surcharge on their consumption tax or value-added tax paid at the rates of 7.0%, 3.0% and 2.0%, respectively.

PRC Tax Reporting Requirement and Consequences for Certain Indirect Transfers of Equity Interests

Pursuant to the Notice on Strengthening Administration of Corporate Income Tax for Share Transfers by Non-PRC Resident Enterprises issued by SAT (国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知) on 10 December 2009 (effective 1 January 2008), the Announcement on Corporate Income Tax Administration on Non-PRC Resident Enterprises issued by SAT (国家税务总局关于非居民企业所得税管理若干问题的公告) on 28 March 2011, and Public Notice of the State Administration of Taxation Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (国家税务总局关于非居民企业间接转让财产企业所得税若干问题的公告) on 3 February 2015, where a non-PRC resident enterprise transfers the equity interests in a PRC resident enterprise (excluding the sale of the shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets) indirectly by way of the sale of equity interests in an overseas holding company without a reasonable commercial purpose and resulting in the avoidance of Corporate Income Tax liability, as self-assessed, the non-PRC resident enterprise should report and pay relevant Corporate Income Tax, i.e. gains derived from such indirect transfer will be subject to PRC withholding tax currently at the rate of 10.0%, with competent China tax authority. If the non-PRC resident enterprise cannot come to any position whether the transfer should be re-characterised as a "direct transfer" after its self-assessment, the non-PRC resident enterprise, the equity transferee and the indirectly transferred PRC resident enterprise may report such indirect transfer to the competent tax authority of the PRC resident enterprise within 30 days of the signing of the equity transfer agreement for such indirect transfer. The PRC tax authority will examine the true nature of the indirect transfer, and if the PRC tax authority considers that the non-PRC resident enterprise has adopted an abusive arrangement without reasonable commercial purposes and in order to avoid PRC tax, the PRC tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterise the indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax currently at the rate of 10.0%.

In the event of a disposal of the shares in the relevant Singapore Holding Companies which results in a transfer of the equity interests in the PRC Property Companies, the transferor may be required to report such transfers to the PRC tax authority. The gains arising from such indirect transfers may potentially be subject to tax in the PRC, currently at the rate of 10.0%. Under the current laws and regulations, the above reporting requirements and tax implications do not technically apply to an indirect transfer of interest in real estate in the PRC although there can be no assurance that the laws and regulations may not change.

Taxation of Unitholders

PRC Tax Reporting Requirement and Consequences for Certain Indirect Transfers of Equity Interests

As noted above, the PRC tax reporting requirements for indirect transfers of equity interests do not apply to indirect sales of shares of PRC resident enterprises on the public securities markets which were purchased from the public securities markets. The relevant notice and announcement issued by the PRC authorities do not specify whether purchases through initial public offering would constitute "purchases from public securities market". However, a general guideline in the announcement makes reference to situations where the seller is unable to identify or fix the price, or where the seller cannot determine who the buyer is or volume of shares bought and sold as being "purchases from the public securities markets". Accordingly, in line with the general guideline, the initial subscription of units by unitholders would appear to be considered "purchases from public securities market", which is subject to agreement by the PRC authorities. Unitholders should consult their own tax advisers relating to their particular circumstances.

Yours faithfully,
For and on behalf of PricewaterhouseCoopers Singapore Pte. Ltd.

Name: Lennon Lee
Title: Partner

This page has been intentionally left blank.

INDEPENDENT PROPERTY VALUATION SUMMARY REPORTS

Colliers INTERNATIONAL

VALUATION

SIX PROPERTIES LOCATED IN HANGZHOU, THE PEOPLE'S REPUBLIC OF CHINA

APRIL 2016

PREPARED BY:
COLLIERS INTERNATIONAL

PREPARED FOR:
DBS TRUSTEE LIMITED
(IN ITS CAPACITY AS TRUSTEE OF EC WORLD REAL ESTATE INVESTMENT TRUST)

Accelerating success.

Colliers International (Hong Kong) Limited
Valuation & Advisory Services
Company Licence No: C-006052

Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong

MAIN 852 2822 0525
FAX 852 2107 6017
EMAIL david.faulkner@colliers.com

MAIN 86 21 6141 4350
FAX 86 21 6141 3699
EMAIL flora.he@colliers.com

Our Ref: 16-12086

April 2016

DBS Trustee Limited
(in its capacity as trustee of EC World Real Estate Investment Trust)

Dear Sirs,

Valuation of:

(1) Stage 1 Properties of Bei Gang Logistics, No. 5-4 Yunhe Road, Hangzhou, PRC
(2) Chongxian Port Investment, No.5 Yunhe Road, Hangzhou, PRC
(3) Chongxian Port Logistics, No.5-2, Yunhe Road, Hangzhou, PRC
(4) Fu Heng Warehouse, Buildings #1 - #2, No.11 Mingxing Road, Hangzhou, PRC
(5) Fu Zhuo Industrial, No.5-1, Yunhe Road, Hangzhou, PRC
(6) Hengde Logistics, No.21 Sanhao Road and No.2-2 Dongqiao Road, Hangzhou, PRC
(Together "Properties" and Individually "Property")

INSTRUCTIONS

Our instructions are to advise on the Market Value of the Properties for the purpose of the Initial Public Offering (IPO) and Listing of EC World Real Estate Investment Trust (EC World REIT) on the Main Board of the Singapore Securities Trading Exchange.

This short format report and the valuation certificates annexed hereto are prepared for DBS Trustee Limited (in its capacity as trustee of EC World Real Estate Investment Trust) (the "Client") in relation to the IPO of EC World Real Estate Investment Trust and for the purposes of its inclusion in the prospectus to be issued in connection therewith. Colliers International (Hong Kong) Limited ("Colliers International") shall not be liable for any loss due to any unauthorised use or reliance, on this short format report and the valuation certificates annexed hereto. This document as a whole or in part must not be reproduced in any form without our written consent.

We have assumed that the instructions and subsequent information supplied by or on behalf of EC World Asset Management Pte. Ltd. (as manager of EC World Real Estate Investment Trust) (the "Manager") contain a full and frank disclosure of all information that is relevant as at the date of the valuation. We confirm that we have been instructed not to verify this information. Since real estate values change due to different market circumstances, it should be noted that values cannot be static and we recommend that the valuations of these properties be reviewed periodically.

In the course of our valuation, we have relied on the information provided by Forchn Holdings Group Co., Ltd. (the sponsor of EC World REIT) (the "Company") and also accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, financial information, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents given to us and are therefore only approximations. No on-site measurements have been conducted. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We are also advised by the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

Pursuant to your instructions, we have physically inspected the Properties, studied the tenancy schedule and information provided by the Company, made relevant enquires and searches and obtained such further information as we consider necessary to provide you with our opinion of the Market Value of the Properties, in their existing state, as at 31 December 2015 (the "date of valuation" or "valuation date").

BASIS OF VALUATION

Our valuation is conducted on the basis of Market Value which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

RELIANCE

Colliers International has previously provided the Client with comprehensive valuation reports (Reports) for each of the Properties.

This short format report alone does not contain the level of data and support information included in our Reports. For further information to that contained herein, reference should be made to the Reports, copies of which are held by the Manager.

Each Report is approximately 50 to 70 pages in length and the conclusions as to the estimated value are based upon the factual information set forth in that Report. Whilst Colliers International has endeavoured to assure the accuracy of the factual information, it has not independently verified all the information provided by or on behalf of the Manager (primarily copies of leases and financial information with respect to the Properties as well as reports by independent consultants engaged by EC World Real

Estate Investment Trust). Colliers International believes that every investor, before making an investment in EC World Real Estate Investment Trust, should review at least one of the Reports to understand the complexity of the methodology and the many variables involved.

The methodology used by Colliers International in valuing the Properties – the Discounted Cash Flow Analysis – is based upon estimates of future rents and expenditure. The methodology begins with a set of assumptions as to the income and expenses of the Properties and future economic conditions in the respective local markets. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate, but is not to be construed as a prediction or guarantee. The Discounted Cash Flow Analysis is also cross-checked by Market Approach. These valuation methodologies are summarised in the Valuation Rationale section of this letter.

The Reports were undertaken based upon information available as at 31 December 2015. Colliers International accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

VALUATION RATIONALE

We have valued the Properties using the Discounted Cash Flow Analysis, and cross-checked by the Market Approach.

Discounted Cash Flow Analysis is defined by the International Valuation Standards as a financial modelling technique based on explicit assumptions regarding the prospective cash flow to a property. This analysis involves the projection of a series of periodic cash flows to an operating property. To this projected cash flow series, an appropriate discount rate is applied to establish an indication of the present value of the income stream associated with the Property. In operating real property, periodic cash flow is typically estimated as gross income less vacancy and operating expenses and other outgoings. The series of periodic net operating incomes, along with an estimate of the terminal value which is anticipated at the end of the projection period, is then discounted at the discount rate, being the cost of capital or a rate of return used to convert a monetary sum, payable or receivable in the future, into present value.

Market Approach estimates the value of properties by comparing recent sales of similar interests in the building or buildings located in their surrounding area. By analysing such sales which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject property. This approach is commonly used to value properties when reliable sales evidence of properties of a similar nature is available.

SUMMARY OF VALUES

NO.	PROPERTY	MARKET VALUE IN EXISTING STATE AS AT 31 DECEMBER 2015
1.	Stage 1 Properties of Bei Gang Logistics, No. 5-4 Yunhe Road, Hangzhou, PRC	RMB1,288,000,000
2.	Chongxian Port Investment, No.5 Yunhe Road, Hangzhou, PRC	RMB2,095,000,000
3.	Chongxian Port Logistics, No.5-2 Yunhe Road, Hangzhou, PRC	RMB865,000,000
4.	Fu Heng Warehouse, Buildings #1 - #2, No.11 Mingxing Road, Hangzhou, PRC	RMB550,000,000
5.	Fu Zhuo Industrial, No.5-1, Yunhe Road, Hangzhou, PRC	RMB108,000,000
6.	Hengde Logistics, No.21 Sanhao Road and No.2-2 Dongqiao Road, Hangzhou, PRC	RMB1,452,000,000
	Total	**RMB6,358,000,000**

Note: The valuation does not considering the master leases for Stage 1 Properties of Bei Gang Logistics, Chongxian Port Investment and Fu Heng Warehouse.

DISCLAIMER

We have prepared this valuation summary report and the enclosed valuation certificates for inclusion in the prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included within the prospectus, other than in respect of the information provided within the Reports and this valuation summary report. We do not make any warranty or representation as to the accuracy of the information in any other part of the prospectus other than as expressly made or given by Colliers International in this valuation summary report.

We agree to the inclusion of all or any part of the Reports to which this valuation summary report refers, or any data or other information contained in such Reports, and the Colliers International name can be quoted, reproduced and relied upon (i) in the preliminary prospectus and final prospectus prepared in connection with the offering (the "**Prospectus**") or any other offer materials prepared by or on behalf of EC World REIT, including any supplementary documents (if any), in connection with the IPO, (ii) in any materials produced by or on behalf of EC World REIT in connection with presentations or other materials prepared in connection with the IPO.

We confirm we do not have a pecuniary interest that would affect our ability to give an unbiased opinion of the value or any conflict of interests that could prevent a proper valuation of the properties.

We also confirm that our valuers undertaking these valuations are authorised to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Colliers International (Hong Kong) Limited

Zhirong He (Flora He)	David Faulkner
MRICS MCOMFIN	*BSc (Hons) FRICS FHKIS RPS(GP) MAE*
Senior Director	Executive Director
Valuation and Advisory Services I China	Valuation and Advisory Services I Asia

Note: Mr David Faulkner, Chartered Valuation Surveyor, BSc(Hons), FRICS, FHKIS, RPS(GP), MAE, has over 30 years of experience in the valuation of properties around Asia.
Ms Zhirong He (Flora He), Chartered Valuation Surveyor, MRICS, MCOMFIN, has over 15 years of experience in the valuation of properties in Hong Kong and the PRC.

VALUATION CERTIFICATE

Our Reference	:	16-12086-1
Name of Property	:	Stage 1 Properties of Bei Gang Logistics (北港物流一期)
Valuation Prepared for	:	DBS Trustee Limited (in its capacity as trustee of EC World Real Estate Investment Trust)
Purpose of Valuation	:	Initial Public Offering (IPO) of EC World Real Estate Investment Trust
Valuation Date	:	31 December 2015
Date of Inspection	:	15 January 2016
Address of Property	:	No. 5-4 Yunhe Road, Chongxian Neighbourhood, Yuhang District, Hangzhou, Zhejiang Province, PRC
Type of Property	:	Mixed-use
Brief Description	:	The Property, Stage 1 Properties of Bei Gang Logistics (北港物流一期), is a mixed-use development comprising a 15-storey office and retail tower (#1), a 4-storey retail building (#2), six 5-storey (#3 - #8) O2O offices and one basement for car park use. The Property is at No. 5-4 Yunhe Road, enjoying an easy accessibility to Hangzhou Ring Expressway, Chang-Shen Expressway and Beijing-Hangzhou Grand Canal.
Legal Description	:	Pursuant to the State-owned Land-use Rights Certificates No. Hang Yu Chu Guo Yong (2012) Di 106-415 Hao dated 13 July 2012, the land-use rights of the Property with a site area of 99,897.60 sq m have been granted to Hangzhou Bei Gang Logistics Co., Ltd. ("Bei Gang Logistics") (杭州北港物流有限公司) for commercial purpose for a term expiring on 14 March 2052.
Registered Owner	:	Hangzhou Bei Gang Logistics Co., Ltd. (杭州北港物流有限公司)
Tenure	:	For a term expiring on 14 March 2052
Land Area (sq m)	:	99,897.60 (total area of Bei Gang Logistics)
Gross Floor Area (sq m)	:	90,601.17 (total aboveground)

Building #1	17,325.13	Building #5	6,878.60
Building #2	6,538.34	Building #6	15,447.77
Building #3	6,878.60	Building #7	6,587.30
Building #4	15,490.24	Building #8	15,455.19

Year of Completion	:	2015
Permitted Uses	:	Commercial
Condition and Tenancy	:	At the time of inspection, the Property was completed. Single-tenanted development with the tenancy expiring on 31 October 2020. Currently, the occupancy for the subject development is 100%. The lease information is provided by the Company.
Master Lease	:	Based on the information provided by the Company, Forchn Holdings Group Co., Ltd. will

enter into a master lease with Hangzhou Bei Gang Logistics Co., Ltd.

The master lease to Forchn Holdings Group Co., Ltd. is for five years commencing from 1 November 2015 to 31 October 2020. The contracted rent is RMB10,300,000 per month for November and December of 2015 and the months in 2016; for the next months in 2017-2020, the rent will be increased at a fixed rate of 1.0% per annum upon every January.

The master lessee will be responsible for rental fee, property management fee, and other charges including charges for remittance and transfer from the lease commencement date.

As a master lessee, Forchn Holdings Group Co., Ltd. has further leased out the units of the Property to Zhejiang Yuntong E-Commerce Co., Ltd. (浙江运通电子商务有限公司) at market rents. In order to reflect the actual rental income of the Property in this case, we would only consider market rent as it is the only income generating factor and would therefore neglect the master lease rent in our calculation.

Method of Valuation : Income Approach – Discounted Cash Flow Analysis
Market Approach (for reference)

Valuation : In view of the foregoing, and having taken into consideration the prevailing market conditions as at 31 December 2015, we are of the opinion that the market value of the Property, free from any encumbrances, is:

MARKET VALUE **RMB1,288,000,000**
(RENMINBI ONE BILLION TWO HUNDRED EIGHTY EIGHT MILLION ONLY)

Building #1	RMB170,800,000	Building #5	RMB107,500,000
Building #2	RMB73,400,000	Building #6	RMB241,700,000
Building #3	RMB107,600,000	Building #7	RMB103,100,000
Building #4	RMB242,400,000	Building #8	RMB241,800,000

Prepared By : **Colliers International (Hong Kong) Limited**

Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services I China

David Faulkner
BSc(Hons) FRICS FHKIS RPS(GP) MAE
Executive Director
Valuation and Advisory Services I Asia

This valuation certificate is subject to the attached Standard Caveats and Assumptions

VALUATION CERTIFICATE

Our Reference	:	16-12086-2
Name of Property	:	Chongxian Port Investment (崇贤港投资)
Valuation Prepared for	:	DBS Trustee Limited (in its capacity as trustee of EC World Real Estate Investment Trust)
Purpose of Valuation	:	Initial Public Offering (IPO) of EC World Real Estate Investment Trust
Valuation Date	:	31 December 2015
Date of Inspection	:	15 January 2016
Address of Property	:	No.5 Yunhe Road, Chongxian Neighbourhood, Yuhang District, Hangzhou, Zhejiang Province, PRC
Type of Property	:	Port (Waterway Transport)
Brief Description	:	The Property, known as "Chongxian Port Investment (崇贤港投资)" is a large portion of Chongxian Port (崇贤港) and is an inland port along the Grand Canal in Hangzhou. It has a total of 23 berths and includes a storage yard with a total lettable field area of approximately 112,726.00 sq m. It was completed on 15 October 2009. At the time of inspection, a portion of the storage yard was under reconstruction, and will be reconstructed into a warehouse with a total planned gross floor area of approximately 24,108.60 sq m and a width, depth and height of approximately 386.58 m, 57.9 m and 16.55 m, respectively. After the reconstruction, the total field area of the storage yard will be reduced accordingly. As advised by the Company, the warehouse will complete in June 2016.
Legal Description	:	Pursuant to two State-owned Land-use Rights Certificates, the land-use rights of a parcel of land located at Siwei Village, Chongxian Town, Yuhang District, with a total site area of 133,709.30 sq m and 57,756.50 sq m, respectively, have been granted to Hangzhou Chongxian Port Investment Co., Ltd. ("Chongxian Port Investment") (杭州崇贤港投资有限公司) for comprehensive purposes for a term expiring on 30 December 2055.
Registered Owner	:	Hangzhou Chongxian Port Investment Co., Ltd. (杭州崇贤港投资有限公司)
Tenure	:	For a term expiring on 30 December 2055
Land Area (sq m)	:	191,465.80
Lettable Field Area of Storage Yard (sq m)	:	88,617.40
Gross Floor Area of Warehouse (sq m)	:	24,108.60
Number of Berths	:	23
Year of Completion	:	2009
Permitted Uses	:	Comprehensive
Condition and Tenancy	:	At the time of inspection, the Property was in operation.

Multi-tenanted development with tenancies expiring from 3 to 5 years. The occupancy for the subject development, as at the date of valuation, was approximately 100%. The lease information is provided by the Company.

Master Lease : Based on the information provided by the Company, Hangzhou Fu Gang Supply Chain Co., Ltd. will enter into a master lease with Hangzhou Chongxian Port Investment Co., Ltd.

The master lease to Hangzhou Fu Gang Supply Chain Co., Ltd. is for five years commencing from 1 January 2016 to 31 December 2020. The contracted rent is RMB11,409,687 per month in 2016; for the next months in 2017-2020, the rent will be increased at a rate of 6.0%, 5.0%, 4.0%, 3.0% per annum upon every January.

The master lessee will be responsible for rental fee, property management fee, and other charges including charges for remittance and transfer from the lease commencement date.

As a master lessee, Hangzhou Fu Gang Supply Chain Co., Ltd. has further leased out the units of the Property to various different tenants at market rents. In order to reflect the actual rental income of the Property in this case, we would only consider market rent as it is the only income generating factor and would therefore neglect the master lease rent in our calculation.

Method of Valuation : Income Approach – Discounted Cash Flow Analysis

Valuation : In view of the foregoing, and having taken into consideration the prevailing market conditions as at 31 December 2015, we are of the opinion that the market value of the Property, free from any encumbrances, is:

MARKET VALUE **RMB2,095,000,000**
(RENMINBI TWO BILLION NINETY FIVE MILLION ONLY)

Prepared By : **Colliers International (Hong Kong) Limited**

Zhirong He (Flora He)	**David Faulkner**
MRICS MCOMFW	*BSc(Hons) FRICS FHKIS RPS(GP) MAE*
Senior Director	Executive Director
Valuation and Advisory Services I China	Valuation and Advisory Services I Asia

This valuation certificate is subject to the attached Standard Caveats and Assumptions

VALUATION CERTIFICATE

Our Reference	:	16-12086-3
Name of Property	:	Chongxian Port Logistics (崇贤港物流)
Valuation Prepared for	:	DBS Trustee Limited (in its capacity as trustee of EC World Real Estate Investment Trust)
Purpose of Valuation	:	Initial Public Offering (IPO) of EC World Real Estate Investment Trust
Valuation Date	:	31 December 2015
Date of Inspection	:	15 January 2016
Address of Property	:	No.5-2, Yunhe Road, Chongxian Neighbourhood, Yuhang District, Hangzhou, Zhejiang Province, PRC
Type of Property	:	Warehouse & Office
Brief Description	:	The Property, known as "Chongxian Port Logistics (崇贤港物流)", was completed in 2010. As advised by the Company, the Property comprises 4 single-storey warehouses with 2-storey office ancillary portion, a 4-storey building for canteen, office and warehouse use, a 12-storey office building with a 1-storey basement for car park uses and a storage yard with a total lettable field area of approximately 9,120.00 sq m. The Property has a total gross floor area (GFA) of approximately 117,384.78 sq m.
Legal Description	:	Pursuant to the State-owned Land-use Rights Certificate Hang Yu Chu Guo Yong (2011) Di 108-634 Hao and Hang Yu Chu Guo Yong (2011) Di 108-635 Hao dated 20 July 2011, the land-use rights of the land located at Siwei Village, Chongxian Town, Yuhang District, with a total site area of 166,705.50 sq m have been granted to Hangzhou Chongxian Port Logistics Co., Ltd. ("Chongxian Port Logistics") (杭州崇贤港物流有限公司) for storage and comprehensive purposes for a term expiring on 9 September 2060 and 30 December 2055, respectively.
Registered Owner	:	Hangzhou Chongxian Port Logistics Co., Ltd. (杭州崇贤港物流有限公司)
Tenure	:	For a term expiring on 9 September 2060 and 30 December 2055 for storage and comprehensive purposes, respectively.
Land Area (sq m)	:	166,705.50
Total Gross Floor Area (sq m)	:	117,384.78
Lettable Field Area of Storage Yard (sq m)	:	9,120.00
Year of Completion	:	2010
Permitted Uses	:	Storage & Comprehensive
Condition and Tenancy	:	At the time of inspection, the Property was in operation. Multi-tenanted development with tenancies expiring from 1 to 7 years. The occupancy for the subject development, as at the date of valuation, was approximately 100%. The lease information is provided by the Company.
Method of Valuation	:	Income Approach – Discounted Cash Flow Analysis

Valuation : In view of the foregoing, and having taken into consideration the prevailing market conditions as at 31 December 2015, we are of the opinion that the market value of the Property, free from any encumbrances, is:

MARKET VALUE **RMB865,000,000**
(RENMINBI EIGHT HUNDRED SIXTY FIVE MILLION ONLY)

Prepared By : **Colliers International (Hong Kong) Limited**

Zhirong He (Flora He)	**David Faulkner**
MRICS MCOMFIN	*BSc(Hons) FRICS FHKIS RPS(GP) MAE*
Senior Director	Executive Director
Valuation and Advisory Services I China	Valuation and Advisory Services I Asia

This valuation certificate is subject to the attached Standard Caveats and Assumptions

VALUATION CERTIFICATE

Our Reference	:	16-12086-4
Name of Property	:	Fu Heng Warehouse (富恒仓储)
Valuation Prepared for	:	DBS Trustee Limited (in its capacity as trustee of EC World Real Estate Investment Trust)
Purpose of Valuation	:	Initial Public Offering (IPO) of EC World Real Estate Investment Trust
Valuation Date	:	31 December 2015
Date of Inspection	:	15 January 2016
Address of Property	:	Buildings #1 - #2, No.11 Mingxing Road, Dongzhou Neighbourhood, Fuyang District, Hangzhou, Zhejiang Province, PRC
Type of Property	:	Industrial
Brief Description	:	The Property, Fu Heng Warehouse (富恒仓储), comprises two industrial buildings, each with four levels of aboveground space for industrial uses and a one-level basement for car park uses. The Property was completed in February 2015.
Legal Description	:	Pursuant to the State-owned Land-use Rights Certificate No. Fu Guo Yong (2015) Di 008320 Hao dated 12 November 2015, the land-use rights of the Property with a total site area of 43,601 sq m have been granted to Hangzhou Fu Heng Warehouse Co., Ltd. (Hangzhou Fu Heng Warehouse) (杭州富恒仓储有限公司) for industrial purposes for a term expiring on 3 May 2059.
Registered Owner	:	Hangzhou Fu Heng Warehouse Co., Ltd. (杭州富恒仓储有限公司)
Tenure	:	For a term expiring on 3 May 2059
Land Area (sq m)	:	43,601.00
Gross Floor Area (sq m)	:	Building #1: 36,094.23 (certified) Building #2: 35,341.38 (certified) (*The Building No. and its corresponding Floor Area are referred to the Real Estate Ownership Certificates)
Year of Completion	:	2015
Permitted Uses	:	Industrial
Condition and Tenancy	:	At the time of inspection, the Property was completed. Multi-tenanted development with the latest tenancies expiring on 8 April 2018. The occupancy for the subject development, as at the date of valuation, was approximately 100%. The lease information is provided by the Company.
Master Lease	:	Based on the information provided by the Company, Fuyang Yunton E-Commerce Co., Ltd. will enter into a master lease with Hangzhou Fu Heng Warehouse Co., Ltd. The master lease to Fuyang Yunton E-Commerce Co., Ltd. is for five years commencing from 1 January 2016 to 31 December 2020. The contracted rent is RMB3,429,118 per month in 2016; for the next months in 2017-2020, the rent will be increased at a rate of 6.0%, 5.0%, 4.0%, 3.0% per annum upon every January.

The master lessee will be responsible for rental fee, property management fee, and other charges including charges for remittance and transfer from the lease commencement date.

As a master lessee, Fuyang Yunton E-Commerce Co., Ltd. has further leased out the units of the Property to various different tenants at market rents. In order to reflect the actual rental income of the Property in this case, we would only consider market rent as it is the only income generating factor and would therefore neglect the master lease rent in our calculation.

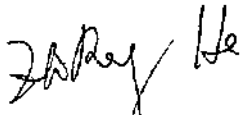
Method of Valuation : Income Approach – Discounted Cash Flow Analysis
Market Approach (for reference)

Valuation : In view of the foregoing, and having taken into consideration the prevailing market conditions as at 31 December 2015, we are of the opinion that the market value of the Property, free from any encumbrances, is:

MARKET VALUE **RMB550,000,000**
(RENMINBI FIVE HUNDRED AND FIFTY MILLION ONLY)

Building #1	RMB328,000,000
Building #2	RMB222,000,000

Prepared By : **Colliers International (Hong Kong) Limited**



Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services I China

David Faulkner
BSc(Hons) FRICS FHKIS RPS(GP) MAE
Executive Director
Valuation and Advisory Services I Asia

This valuation certificate is subject to the attached Standard Caveats and Assumptions

VALUATION CERTIFICATE

Our Reference	:	16-12086-5
Name of Property	:	Fu Zhuo Industrial (富卓实业)
Valuation Prepared for	:	DBS Trustee Limited (in its capacity as trustee of EC World Real Estate Investment Trust)
Purpose of Valuation	:	Initial Public Offering (IPO) of EC World Real Estate Investment Trust
Valuation Date	:	31 December 2015
Date of Inspection	:	15 January 2016
Address of Property	:	No.5-1, Yunhe Road, Chongxian Neighbourhood, Yuhang District, Hangzhou, Zhejiang Province, PRC
Type of Property	:	Port (Waterway Transport)
Brief Description	:	The Property, known as "Fu Zhuo Industrial (富卓实业)", was completed in 2009. As advised by the Company, the Property comprises 2 berths, a storage room, a Sand and Stone warehouse, a repair workshop, a gatehouse, a storage yard, and a two-storey building together, with a total lettable area of approximately 7,127.67 sq m.
Legal Description	:	Pursuant to the State-owned Land-use Rights Certificate No. Hang Yu Chu Guo Yong (2015) Di 108-775 Hao dated 26 June 2015, the land-use rights of a parcel of land located at No.5-1 Yunhe Road, Chongxian Area, Yuhang District, with a total site area of 24,402.70 sq m have been granted to Hangzhou Fu Zhuo Industrial Co., Ltd. ("Fu Zhuo Industrial) (杭州富卓实业有限公司) for comprehensive purposes for a term expiring on 30 December 2055.
Registered Owner	:	Hangzhou Fu Zhuo Industrial Co., Ltd. (杭州富卓实业有限公司)
Tenure	:	For a term expiring on 30 December 2055
Land Area (sq m)	:	24,402.70
Total Lettable Area (sq m)	:	7,127.67 (including storage yard)
Number of Berths	:	2 Berths
Year of Completion	:	2009
Permitted Uses	:	Comprehensive
Condition and Tenancy	:	At the time of inspection, the Property was in operation. Multi-tenanted development with the latest tenancies expiring on 7 October 2029. The occupancy for the subject development, as at the date of valuation, was approximately 100%. The lease information is provided by the Company.
Method of Valuation	:	Income Approach – Discounted Cash Flow Analysis

Valuation : In view of the foregoing, and having taken into consideration the prevailing market conditions as at 31 December 2015, we are of the opinion that the market value of the Property, free from any encumbrances, is:

MARKET VALUE **RMB108,000,000**
(RENMINBI ONE HUNDRED AND EIGHT MILLION ONLY)

Prepared By : **Colliers International (Hong Kong) Limited**

Zhirong He (Flora He)	**David Faulkner**
MRICS MCOMFIN	*BSc(Hons) FRICS FHKIS RPS(GP) MAE*
Senior Director	Executive Director
Valuation and Advisory Services I China	Valuation and Advisory Services I Asia

This valuation certificate is subject to the attached Standard Caveats and Assumptions

VALUATION CERTIFICATE

Our Reference	:	16-12086-6
Name of Property	:	Hengde Logistics (恒德物流)
Valuation Prepared for	:	DBS Trustee Limited (in its capacity as trustee of EC World Real Estate Investment Trust)
Purpose of Valuation	:	Initial Public Offering (IPO) of EC World Real Estate Investment Trust
Valuation Date	:	31 December 2015
Date of Inspection	:	15 January 2016
Address of Property	:	Phase 1: No.21 Sanhao Road, Dongzhou Industrial Zone, Dongzhou Neighbourhood, Fuyang District, Hangzhou, Zhejiang Province, PRC Phase 2: No.2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Neighbourhood, Fuyang District, Hangzhou, Zhejiang Province, PRC
Type of Property	:	Industrial
Brief Description	:	The Property, Hengde Logistic Park (恒德物流), comprises two projects, known as Phase 1 and Phase 2, located in two different locations within Dongzhou Industrial Zone. Phase 1 of the Property comprises seven 5-storey warehouses, one amenity office building and other facilities. Phase 2 of the Property comprises three 5-storey warehouses, one amenity office building and other facilities. The Phase 1 and Phase 2 of the Property were completed in 2010 and 2013, respectively.
Legal Description	:	Pursuant to the State-owned Land-use Rights Certificate No. Fu Guo Yong (2011) Di 000558 Hao dated 31 January 2011, the land-use rights of the Property with a total site area of 57,594 sq m have been granted to Zhejiang Hengde Sangpu Logistics Co., Ltd. ("Zhejiang Hengde") (浙江恒德桑普物流有限公司) for industrial purposes for a term expiring on 9 July 2059. Pursuant to the State-owned Land-use Rights Certificate No. Fu Guo Yong (2007) Di 009797 Hao dated 29 December 2007, the land-use rights of the Property with a total site area of 31,447 sq m have been granted to Zhejiang Hengde for industrial purposes for a term expiring on 28 July 2053.
Registered Owner	:	Zhejiang Hengde Sangpu Logistics Co., Ltd. (浙江恒德桑普物流有限公司)
Tenure	:	For a term expiring on 9 July 2059 and 28 July 2053 for Phases 1 and 2, respectively
Land Area (sq m)	:	Phase 1: 57,594.00 Phase 2: 31,447.00
Gross Floor Area (sq m)	:	Phase 1: 163,118.18 Phase 2: 74,913.91
Year of Completion	:	Phase 1: 2010 Phase 2: 2013
Permitted Uses	:	Industrial
Condition and Tenancy	:	At the time of inspection, the Property was completed and in operation. Single-tenanted development with the latest tenancies expiring on 15 October 2020. The occupancy for the subject development, as at the date of valuation, was 100%. The lease

information is provided by the Company.

Method of Valuation : Income Approach – Discounted Cash Flow Analysis
Market Approach (for reference)

Valuation : In view of the foregoing, and having taken into consideration the prevailing market conditions as at 31 December 2015, we are of the opinion that the market value of the Property, free from any encumbrances, is:

MARKET VALUE **RMB1,452,000,000**
(RENMINBI ONE BILLION FOUR HUNDRED FIFTY TWO MILLION ONLY)

Phase 1	RMB991,000,000
Phase 2	RMB461,000,000

Prepared By : **Colliers International (Hong Kong) Limited**

Zhirong He (Flora He)	**David Faulkner**
MRICS MCOMFIN	*BSc(Hons) FRICS FHKIS RPS(GP) MAE*
Senior Director	Executive Director
Valuation and Advisory Services I China	Valuation and Advisory Services I Asia

This valuation certificate is subject to the attached Standard Caveats and Assumptions

STANDARD CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:
'Confidential Information' means information that:
(a) Is by its nature confidential.
(b) Is designated by Us as confidential.
(c) You know or ought to know is confidential.
(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.
(e) You or Your affiliates provide to Us for the purposes of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.
'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.
'**Parties**' means You or Us as the context dictates.
'**Quotation**' means the written quote provided by Us in relation to the Services.
'**Services**' means the valuation services provided pursuant to these terms and conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.
'**The Property', 'The Properties"** means the assets which are subject of our appointment as your advisor. This may include land, buildings, plant & equipment and other assets as described in the appointment agreement.
'**We**', '**Us**', '**Our**', '**Colliers**', '**Colliers International**' means Colliers International (Hong Kong) Limited.
'You', 'Your', 'Client' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.
'**Professional Property Practice Standards'** refers to RICS Valuation - Professional Standards, or appropriate standards.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:
(a) The terms and conditions contained herein; or
(b) As specifically instructed by You for the purpose of the Services; and
(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on anyof the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.
3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.
3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.
3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.
3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
3.6 An internal inspection has been made, unless otherwise stated, no detailed on-site measurements have been taken.
3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.
3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.
3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show the site is contaminated, our valuation may require revision.

5. BUILDING AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate building areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:

(a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the title.

(b) All licences and permits can be renewed and We have not made any enquiries in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural / dilapidation reports), we will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the Client has provided us, to the best of its knowledge, with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.

6.6 Our opinion about the market value of the property is free from any influence and/ or point of views of any other parties.

7. ESTIMATED SELLING PRICE

7.1 Where you instruct Us to provide an estimated selling price, You agree that the Services:

(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of title(s) or other enquiries as to encumbrances, restrictions or impediments on title(s); or other investigations which would be required for a formal valuation.

(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price.

8. CURRENCY OF VALUATION

8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

8.3 Without limiting the generality of 8.2, You should not rely upon Our valuation:

(a) After the expiry of 3 months from the Currency Date;

(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

9. MARKET PROJECTIONS

9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

10. YOUR OBLIGATIONS

10.1 You warrant that the instructions and subsequent information supplied by You, to the best of your knowledge, contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).

10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it / they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/or a copy of these terms and conditions.

10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

(c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.

10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and relying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.

10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made for any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

11. CONFIDENTIALITY

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and/or the purposes as specified in the agreement, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the

Services in its promotional material. Such references shall not contain confidential material.

12. PRIVACY

12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. SUBCONTRACTING

13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these terms and conditions, with Your consent.

14. LIMITATION OF COLLIERS LIABILITY

14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (examples being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons / judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.

14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error / offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to be held liable for an amount of three times Our contracted fee for the assignment per property.

14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorised party.

14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.

14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

15. ENTIRE AGREEMENT

15.1 No further agreement, amendment or modification of these terms and conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

15.2 If there is inconsistency between these terms and conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all

times unless otherwise stated.

16. ANTI BRIBERY AND CORRUPTION MEASURES

16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

CONTACT DETAILS

Tel: 86 21 6141 4350
Email: flora.he@colliers.com

Colliers International (Hong Kong) Limited
Valuation & Advisory Services
Company Licence No: C-006052

Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong

www.colliers.com/hk

savills
第一太平戴維斯

EC World Asset Management Pte. Ltd.
(as manager of EC World Real Estate Investment Trust)
8 Shenton Way
#37-03 AXA Tower
Singapore 068811

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA Licence: C-023750
savills.com

20 June 2016
Our Ref.: SH/2015/VPS/13791/AL/JWO/AK/MH/TY/fc

Dear Sirs,

RE: VALUATIONS OF PROPERTIES

Instructions

In accordance with the instructions from EC World Asset Management Pte. Ltd. (the "Company") for us to value the properties situated in the People's Republic of China ("PRC") in which EC World Real Estate Investment Trust ("EC World REIT") or its subsidiaries (collectively referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2015 (the "valuation date") for the purpose of the initial public offering and listing of EC World REIT on the Mainboard of Singapore Exchange Securities Trading Limited (the "Initial Public Offering").

We have prepared full valuation reports for each property in accordance with the requirements of our instructions. This letter and its attachments (summary of values and valuation certificates) should be read together with our full valuation reports as this letter does not contain all of the necessary information and assumptions which are detailed in the said valuation reports.

Basis of Valuation

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation is prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Valuation Methodology

We have valued the properties primarily by the Discounted Cash Flow ("DCF") Approach. In addition, the Direct Comparison Approach has been used as a reference check for the valuation arrived from the DCF Approach.

The DCF Approach involves discounting future net cash flows of the properties to the present values by appropriate discount rates that reflect the rate of return required by an investor for an investment of this type. In the course of our valuation, we have prepared a cash flow analysis over a 10-year investment horizon (a 15-year investment horizon for Property No. 3), and the property concerned is hypothetically assumed to be sold at the end of that period. The cash flow income in the 11th year (that of the 16th year for Property No. 3) is capitalized at a terminal capitalization rate and deferred at a discount rate.

The Direct Comparison Approach is a method of valuation whereby comparable sales transactions around the valuation date are collected and analyzed on the basis of the unit rate. The collected comparables are then adjusted to take into account the discrepancies between the property and comparables in terms of time, location, accessibility, scale, age, building facilities, property management and the like.

Title Investigation

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. We are not in a position to advise you on the titles to the properties, which is more properly the sphere of your legal advisers. For the purpose of our valuation, we have assumed that the Group is in possession of proper legal titles to the properties and is entitled to transfer the properties freely in the market.

Valuation Consideration and Assumptions

In the course of our valuation of the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In the course of our valuation, we have relied to a very considerable extent on the information given by Forchn Holdings Group Co., Ltd. ("Forchn Holdings") (the sponsor of EC World REIT) and also accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by Forchn Holdings, which is material to our valuation. We are also advised by Forchn Holdings that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Site Inspection

We have inspected the exterior, and wherever possible, the interior of the properties. Site inspections were carried out in March 2016 by our Mr. James Woo, Ms. Toma Yang, Ms. Jessica Ma and Mr. Matt Ma. Mr. James Woo is a professional member of The Royal Institution of Chartered Surveyors and Ms. Toma Yang is a China Real Estate Appraiser. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for the development thereon. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

savills
第一太平戴維斯

Disclaimer

We have prepared this letter and the enclosed summary of values and valuation certificates for the purpose of inclusion in the prospectus to be issued in relation to the Initial Public Offering (the "Prospectus"). We specifically disclaimed liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the full valuation reports. We do not make any warranty or representation as the accuracy of the information in any part of the Prospectus other than as expressly made or given in this letter.

We have relied on the property data supplied to us by the owners of the properties which we assume to be true and accurate. We take no responsibility for inaccurate data supplied to us and subsequent conclusion derived from such data.

We have no present or prospective interest in the properties and are not a related corporation of nor do we have a relationship with the underwriter(s) or other party/parties whom EC World REIT is contracting with.

Remarks

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C. K. Lau
MRICS MHKIS RPS(GP)
Director

Encl.

Note: Mr. Anthony C.K. Lau is an estate surveyor and has over 23 years' post-qualification experience in the valuation of properties in the PRC and Hong Kong.

savills
第一太平戴維斯

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 December 2015
1.	Chongxian Port Investment, 5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	RMB2,089,000,000
2.	Chongxian Port Logistics, 5-2 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	RMB840,000,000
3.	Fu Zhuo Industrial, 5-1 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	RMB105,000,000
4.	Stage 1 Properties of Bei Gang Logistics, 5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	RMB1,298,000,000
5.	Fu Heng Warehouse, 11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	RMB555,000,000

No.	Property	Market value in existing state as at 31 December 2015
6.	Hengde Logistics, 21 Sanhao Road and 2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	RMB1,468,000,000
	Grand Total:	**RMB6,355,000,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
1.	Chongxian Port Investment, 5 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	The property comprises 23 berths and the stacking space located at Hangzhou North Park of EC World, a large-scale integrated e-commerce business park, and is erected on two parcels of land with a total site area of approximately 191,465.80 sq.m., which was completed in 2009. The property is situated on the north of Yunhe Road and the east of Beijing-Hangzhou Grand Canal, Siwei Village, Chongxian Town, Yuhang District of Hangzhou. As advised, the property accommodates 23 berths of 500-tonne (1,000-tonne for hydraulic berths) with total designed annual throughput capacity of approximately 6 million tonnes and stacking space area with approximately 101,960.00 sq.m. The leased area of the stacking space of the property is approximately 112,640.00 sq.m., portion of which is to be constructed as a single-storey No. 5 Warehouse with a total gross floor area of approximately 24,108.60 sq.m.. As advised, the said No. 5 Warehouse is scheduled for completion in mid 2016. The property also accommodates a watchman's office with a gross floor area of approximately 86.00 sq.m..	The property is subject to four tenancies with the latest one due to expire on 30 June 2020. The average daily rent of the stacking space is approximately RMB0.8/sq.m. and the annual revenue of each berth is approximately RMB2,500,000 in accordance with the existing leases.	RMB2,089,000,000 (Renminbi Two Billion and Eighty Nine Million)

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
		The land use rights of the property have been granted for a term expiring on 30 December 2055 for composite land use.		

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates – Hang Yu Chu Guo Yong (2006) Nos. 108-277 and 108-884 dated 15 April 2006 and 13 October 2006 respectively, the land use rights of two parcels of land with a total site area of approximately 191,465.80 sq.m. have been granted to Hangzhou Chongxian Port Investment Co., Ltd. (杭州崇賢港投資有限公司) for a term expiring on 30 December 2055 for composite land use.

2. Pursuant to the Acceptance and Examination Record for Port Project – No. 201402 dated 10 January 2014, the completion of Phase I Project of Chongxian Workshop Area of Yuhang Port with 23 berths of 500 tonnes (hydraulic berths of 1,000 tonnes), 2 workshop berths and the stacking space of approximately 101,960.00 sq.m. together with ancillary road works and mechanical cranes installation have been examined and such examination has been recorded.

3. Pursuant to the Port Operation Permit – (Zhe Hang) Gang Jing Zheng No. (1132) dated 15 May 2014, Hangzhou Chongxian Port Investment Co., Ltd. is permitted to operate the business including berth facilities services, cargo loading / unloading services and rental services of port facilities, equipment and machineries.

4. Pursuant to the Construction Works Commencement Permit – No. 330110201509300701 dated 30 September 2015, the construction works of Warehouse No. 5 with a construction scale of approximately 24,108.60 sq.m. were approved for commencement. As advised by the Company, the total paid construction cost of Warehouse No. 5 as at the valuation date was approximately RMB2,275,000.

5. Pursuant to the Business Licence – No. 330184000017856 dated 16 February 2015, Hangzhou Chongxian Port Investment Co., Ltd. was incorporated with a registered capital of RMB340,000,000 for an operation period of 20 years commencing on 5 December 2003 and expiring on 4 December 2023.

6. Pursuant to a Master Lease Agreement entered into between Hangzhou Chongxian Port Investment Co., Ltd. (the "Lessor") and Hangzhou Fu Gang Supply Chain Co., Ltd. (the "Lessee"), the property is master leased to the Lessee for a term of five years commencing on 1 January 2016 and expiring on 31 December 2020. Contracted monthly rentals are tabulated as below. The Lessee is entitled to sublease the property to sub-tenants subject to consent from the Lessor (such consent not to be unreasonably withheld).

Year	Monthly Rental (RMB)
2016	11,409,687
2017	12,094,268
2018	12,698,981
2019	13,206,941
2020	13,603,149

In undertaking our valuation, we have not taken into account such master lease agreement since it does not reflect the actual rental income of the property, which is in line with the range of market rental. However, since the property is a dominating project in the locality, the income of the property is expected to rise and would most likely to approach the master lease rental level when the master lease expires in about five years' time.

7. In the course of our valuation, we have prepared our valuation based on the following assumptions:

   i. Hangzhou Chongxian Port Investment Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property freely in the market with the residual term of its land use rights at no additional land grant premium and any other associated charges payable to the government;

   ii. all land grant premium and costs of public utilities services have been fully settled;

   iii. the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   iv. the property may be freely disposed of to local and overseas purchasers.

savills
第一太平戴維斯

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
2.	Chongxian Port Logistics, 5-2 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	The property comprises Block Nos. 1 to 7 located next to Stage 1 Properties of Bei Gang Logistics of Hangzhou North Park of EC World, a large-scale integrated e-commerce business park, and is erected on two parcels of land with a total site area of approximately 166,705.50 sq.m., which was completed in 2010. The property is situated on the north of Yunhe Road and the west of Stage 1 Properties of Bei Gang Logistics of Hangzhou North Park of EC World, Chongxian Town, Yuhang District of Hangzhou. As advised, the property comprises five single- to 2-storey warehouses, a 12-storey office building, a 4-floor auxiliary building with a total gross floor area of approximately 117,384.78 sq.m. and a stacking space with an area of approximately 9,120.00 sq.m.. The property also accommodates 110 underground car parking spaces with a total gross floor area of approximately 3,831.94 sq.m.. The land use rights of the property have been granted for two concurrent terms expiring on 30 December 2055 for composite land use and 9 September 2060 for industrial use respectively.	The property is subject to various tenancies with the latest one due to expire on 28 February 2021 at a total monthly rental of approximately RMB4,200,000.	RMB840,000,000 (Renminbi Eight Hundred and Forty Million)

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates – Hang Yu Chu Guo Yong (2011) Nos. 108-634 and 635 both dated 20 July 2012, the land use rights of two parcels of land with a total site area of approximately 166,705.50 sq.m. have been granted to Hangzhou Chongxian Port Logistics Co., Ltd. (杭州崇賢港物流有限公司) for two concurrent terms expiring on 30 December 2055 for composite land use and 9 September 2060 for industrial use respectively.

2. Pursuant to the following Building Ownership Certificates all dated 5 March 2015, the building ownership of the property with a total gross floor area of approximately 117,384.78 sq.m. is vested in Hangzhou Chongxian Port Logistics Co., Ltd. Details of the certificates are as follows:

Certificate No.	Building Address	Use	Approximate Gross Floor Area (sq.m.)
Yu Fang Quan Zheng Chong Zi No. 12115528	No. 1, 5-2 Yunhe Road	Warehouse	17,899.93
Yu Fang Quan Zheng Chong Zi No. 12115529	No. 2, 5-2 Yunhe Road	Warehouse	15,946.26
Yu Fang Quan Zheng Chong Zi No. 12115530	No. 3, 5-2 Yunhe Road	Warehouse	11,764.61
Yu Fang Quan Zheng Chong Zi No. 12115531	No. 4, 5-2 Yunhe Road	Warehouse	12,579.96
Yu Fang Quan Zheng Chong Zi No. 12115532	No. 5, 5-2 Yunhe Road	Warehouse	26,045.90
Yu Fang Quan Zheng Chong Zi No. 12115533	No. 6, 5-2 Yunhe Road	Office	21,434.79
Yu Fang Quan Zheng Chong Zi No. 12115534	No. 7, 5-2 Yunhe Road	Canteen	11,719.33
		Total:	**117,384.78**

3. Pursuant to the Business Licence – No. 330184000030569 dated 20 May 2015, Hangzhou Chongxian Port Logistics Co., Ltd. was incorporated with a registered capital of RMB280,000,000 for an operation period of 20 years commencing on 15 February 2008 and expiring on 14 February 2028.

4. In the course of our valuation, we have prepared our valuation based on the following assumptions:

   i. Hangzhou Chongxian Port Logistics Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property freely in the market with the residual term of its land use rights at no additional land grant premium and any other associated charges payable to the government;

   ii. all land grant premium and costs of public utilities services have been fully settled;

   iii. the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   iv. the property may be freely disposed of to local and overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
3.	Fu Zhuo Industrial, 5-1 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	The property comprises 2 berths and 3 non-domestic buildings located at Hangzhou North Park of EC World, a large-scale integrated e-commerce business park, and is erected on a parcel of land with a site area of approximately 24,402.70 sq.m., which was completed in 2009. The property is situated on the north of Yunhe Road and the east of Beijing-Hangzhou Grand Canal, Siwei Village, Chongxian Town, Yuhang District of Hangzhou. As advised, the property accommodates 2 berths of 1,000-tonne together with three ancillary buildings, which accommodate a sand and stone warehouse, a watchman's office and a 2-storey ancillary workshop with a total gross floor area of approximately 2,301.67 sq.m. and other ancillary facilities with a total gross floor area of approximately 507.90 sq.m.. The property also accommodates a stacking space with an area of approximately 4,826.00 sq.m.. The land use rights of the property have been granted for a term expiring on 30 December 2055 for composite land use.	The property is subject to two tenancies due to expire on 25 April 2020 and 7 October 2029 respectively at a total annual rental of approximately RMB7,100,000.	RMB105,000,000 (Renminbi One Hundred and Five Million)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate – Hang Yu Chu Guo Yong (2015) No. 108-775 dated 26 June 2015, the land use rights of a parcel of land with a site area of approximately 24,402.70 sq.m. have been granted to Hangzhou Fu Zhuo Industrial Co., Ltd. (杭州富卓實業有限公司) for a term expiring on 30 December 2055 for composite land use.

2. Pursuant to the following Building Ownership Certificates all dated 23 June 2015, the building ownership of Block Nos. 1-3 of the property with a total gross floor area of approximately 2,301.67 sq.m. is vested in Hangzhou Fu Zhuo Industrial Co., Ltd. for non-domestic use. Details of the certificates are as follows:

Certificate No.	No. of Storey	Detailed Address	Approximate Gross Floor Area (sq.m.)
Yu Fang Quan Zheng Chong Yi Zi No. 15429093	1	Block No. 1, 5-1 Yunhe Road	1,559.18
Yu Fang Quan Zheng Chong Yi Zi No. 15429094	1	Block No. 2, 5-1 Yunhe Road	42.05
Yu Fang Quan Zheng Chong Yi Zi No. 15429095	2	Block No. 2, 5-1 Yunhe Road	700.44
		Total:	2,301.67

3. Pursuant to the Acceptance and Examination Record for Port Project – No. 201402 dated 10 January 2014, the completion of Phase I Project of Chongxian Workshop Area of Yuhang Port with 23 berths of 500 tonnes (hydraulic berths of 1,000 tonnes), 2 workshop berths and the stacking space of approximately 101,960.00 sq.m. together with ancillary road works and mechanical cranes installation have been examined and such examination has been recorded

4. Pursuant to the Business Licence – No. 91330100311294691R dated 19 October 2015, Hangzhou Fu Zhuo Industrial Co., Ltd. was incorporated with a registered capital of RMB5,000,000 for an operation period of 20 years commencing on 24 September 2014 and expiring on 23 September 2035.

5. In the course of our valuation, we have prepared our valuation based on the following assumptions:

   i. Hangzhou Fu Zhuo Industrial Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property freely in the market with the residual term of its land use rights at no additional land grant premium and any other associated charges payable to the government;

   ii. all land grant premium and costs of public utilities services have been fully settled;

   iii. the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   iv. the property may be freely disposed of to local and overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
4.	Stage 1 Properties of Bei Gang Logistics, 5-4 Yunhe Road, Yuhang District, Hangzhou, Zhejiang Province, PRC	The property comprises Block Nos. 1 to 8 located at Hangzhou North Park of EC World, a large-scale integrated e-commerce business park, and is erected on a parcel of land with a site area of approximately 99,897.60 sq.m., which was completed in 2015. The property is situated on the north of Yunhe Road and the west of Gongkang Road, Chongxian Town, Yuhang District of Hangzhou. The property comprises a 15-storey office building over a 4-storey retail podium (Block No. 1), a 4-storey retail building (Block No. 2) and six 5-storey buildings for online-to-offline ("O2O") office (Block Nos. 3 to 8) with a total gross floor area of approximately 90,601.17 sq.m. The property also accommodates 611 underground car parking spaces with a total gross floor area of approximately 29,848.00 sq.m.. The land use rights of the property have been granted for a term expiring on 14 March 2052 for commercial services use.	The property is subject to a tenancy due to expire on 31 October 2020 at a monthly rental of approximately RMB6,460,000.	RMB1,298,000,000 (Renminbi One Billion Two Hundred and Ninety Eight Million)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate – Hang Yu Chu Guo Yong (2012) No. 108-415 dated 13 July 2012, the land use rights of a parcel of land with a total site area of approximately 99,897.60 sq.m. have been granted to Hangzhou Bei Gang Logistics Co., Ltd. (杭州北港物流有限公司) for a term expiring on 14 March 2052 for commercial services use.

2. Pursuant to 695 Building Ownership Certificates all dated 18 May 2015, the building ownership of the property with a total gross floor area of approximately 90,601.17 sq.m. is vested in Hangzhou Bei Gang Logistics Co., Ltd. for composite building, ancillary facilities and trade market uses.

3. Pursuant to the Business Licence – No. 330184000022000 dated 19 June 2015, Hangzhou Bei Gang Logistics Co., Ltd. was incorporated with a registered capital of RMB380,000,000 for an operation period of 20 years commencing on 20 December 2006 and expiring on 19 December 2026.

4. Pursuant to a Master Lease Agreement entered into between Hangzhou Bei Gang Logistics Co., Ltd. (the "Lessor") and Forchn Holdings Group Co., Ltd. (the "Lessee"), the property is master leased to the Lessee for a term of five years commencing on 1 November 2015 and expiring on 31 October 2020. The contracted rental is approximately RMB10,300,000 per month for November and December of 2015 and the months in 2016 and for the next months in 2017-2020 there is a rental escalation of 1% p.a. upon every January from 2017. The Lessee is entitled to sublease the property to sub-tenants subject to consent from the Lessor (such consent not to be unreasonably withheld).

   In undertaking our valuation, we have not taken into account such master lease agreement since it does not reflect the actual rental income of the property, which is in line with the range of market rental. However, since the property is a dominating project in the locality, the rental income of the property is expected to rise and would most likely to approach the master lease rental level when the master lease expires in about five years' time.

5. In the course of our valuation, we have prepared our valuation based on the following assumptions:

   i. Hangzhou Bei Gang Logistics Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property freely in the market with the residual term of its land use rights at no additional land grant premium and any other associated charges payable to the government;

   ii. all land grant premium and costs of public utilities services have been fully settled;

   iii. the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   iv. the property may be freely disposed of to local and overseas purchasers.

savills
第一太平戴維斯

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
5.	Fu Heng Warehouse, 11 Mingxing Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	The property comprises Block Nos. 1 and 2 located at Hangzhou South Park of EC World, a large-scale integrated e-commerce business park, and is erected on a parcel of land with a site area of approximately 43,601.00 sq.m., which was completed in 2015. The property is situated on the west of Mingxing Road and south of Changshen Expressway, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District of Hangzhou. The property comprises two 4-storey industrial buildings over a single-storey basement with a total gross floor area (excluding the basement area) of approximately 71,435.61 sq.m.. The property also accommodates 730 underground car parking spaces with a total gross floor area of approximately 23,636.50 sq.m.. The land use rights of the property have been granted for a term expiring on 3 May 2059 for industrial use.	A portion of the property with a total gross area of approximately 70,652.42 sq.m. is subject to various tenancies with the latest one due to expire on 8 April 2018 at a total monthly rental of approximately RMB2,770,000 whilst the remaining portion of the property is vacant.	RMB555,000,000 (Renminbi Five Hundred and Fifty Five Million)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate – Fu Guo Yong (2015) No. 008320 dated 12 November 2015, the land use rights of a parcel of land with a site area of approximately 43,601.00 sq.m. have been granted to Hangzhou Fu Heng Warehouse Co., Ltd. (杭州富恒倉儲有限公司) for a term expiring on 3 May 2059 for industrial use.

2. Pursuant to two Building Ownership Certificates – Fu Fang Quan Zheng Yi Zi Nos. 205817 and 205818 both dated 11 November 2015, the building ownership of the property with a total gross floor area of approximately 71,435.61 sq.m. is vested in Hangzhou Fu Heng Warehouse Co., Ltd. for industrial use.

3. Pursuant to the Business Licence – No. 91330100336409213P dated 4 December 2015, Hangzhou Fu Heng Warehouse Co., Ltd. was incorporated with a registered capital of RMB225,200,000 for an operation period of 20 years commencing on 11 September 2015 and expiring on 10 September 2035.

4. Pursuant to a Master Lease Agreement entered into between Hangzhou Fu Heng Warehouse Co., Ltd. (the "Lessor") and Fuyang Yunton E-Commerce Co., Ltd. (the "Lessee"), the property is master leased to the Lessee for a term of five years commencing on 1 January 2016 and expiring on 31 December 2020. Contracted monthly rentals are tabulated as below. The Lessee is entitled to sublease the property to sub-tenants subject to consent from the Lessor (such consent not to be unreasonably withheld).

Year	Monthly Rental (RMB)
2016	3,429,118
2017	3,634,865
2018	3,816,608
2019	3,969,272
2020	4,088,350

In undertaking our valuation, we have not taken into account such master lease agreement since it does not reflect the actual rental income of the property, which is in line with the range of market rental. However, since the property is a dominating project in the locality, the rental income of the property is expected to rise and would most likely to approach the master lease rental level when the master lease expires in about five years' time.

5. In the course of our valuation, we have prepared our valuation based on the following assumptions:

   i. Hangzhou Fu Heng Warehouse Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property freely in the market with the residual term of its land use rights at no additional land grant premium and any other associated charges payable to the government;

   ii. all land grant premium and costs of public utilities services have been fully settled;

   iii. the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   iv. the property may be freely disposed of to local and overseas purchasers.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2015
6.	Hengde Logistics, 21 Sanhao Road and 2-2 Dongqiao Road, Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District, Hangzhou, Zhejiang Province, PRC	The property comprises two phases of a logistics centre erected on two parcels of land with a total site area of approximately 89,041.00 sq.m., which was completed between 2010 and 2013. The property is located at Dongzhou Industrial Zone, Dongzhou Sub-district, Fuyang District of Hangzhou. Phase I of the property is situated on the east of Sanhao Road and north of Changshen Expressway and Phase II of the property is situated on the east of Houjiang Path and north of Dongqiao Road. Phase I of the property comprises ten blocks of industrial buildings, including seven 5-storey warehouses, a single-storey watchman's office, a single-storey ancillary building and a 6-storey office building accommodating conference facilities and staff canteen, with a total gross floor area of approximately 163,118.18 sq.m.. Phase II of the property comprises six blocks of industrial building, including three 5-storey warehouses, a 3-storey office building and two single-storey ancillary buildings, with a total gross floor area of approximately 74,913.91 sq.m.. The land use rights of the property have been granted for two concurrent terms expiring on 28 July 2053 and 9 July 2059 for industrial use.	The property is subject to various tenancies with the latest one due to expire on 27 September 2020 at a total monthly rental of approximately RMB5,700,000.	RMB1,468,000,000 (Renminbi One Billion Four Hundred and Sixty Eight Million)

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates -- Fu Guo Yong (2007) No. 009797 and Fu Guo Yong (2011) No. 000558 dated 29 December 2007 and 31 January 2011 respectively, the land use rights of two parcels of land with a total site area of approximately 89,041.00 sq.m. have been granted to Zhejiang Hengde Sangpu Logistics Co., Ltd. (浙江恆德桑普物流有限公司) for two concurrent terms expiring on 28 July 2053 and 9 July 2059 for industrial use.

2. Pursuant to the following Building Ownership Certificates dated between 29 November 2010 and 9 April 2013, the building ownership of the property with a total gross floor area of approximately 238,032.09 sq.m. is vested in Zhejiang Hengde Sangpu Logistics Co., Ltd.. Details of the certificates are as follows:

Certificate No.	Building Address	Use	Approximate Gross Floor Area (sq.m.)
Phase I			
Fu Fang Quan Zheng Chu Zi No. 113589	Block No. 1, 21 Sanhao Road	Warehouse	24,191.44
Fu Fang Quan Zheng Chu Zi No. 113593	Block No. 2, 21 Sanhao Road	Warehouse	24,191.44
Fu Fang Quan Zheng Chu Zi No. 113598	Block No. 3, 21 Sanhao Road	Warehouse	24,191.44
Fu Fang Quan Zheng Chu Zi No. 113599	Block No. 4, 21 Sanhao Road	Warehouse	24,191.44
Fu Fang Quan Zheng Chu Zi No. 113600	Block No. 5, 21 Sanhao Road	Warehouse	24,191.44
Fu Fang Quan Zheng Chu Zi No. 113603	Block No. 6, 21 Sanhao Road	Watchman's office	88.68
Fu Fang Quan Zheng Chu Zi No. 113604	Block No. 7, 21 Sanhao Road	Office	4,266.38
Fu Fang Quan Zheng Chu Zi No. 113605	Block No. 8, 21 Sanhao Road	Warehouse	24,191.44
Fu Fang Quan Zheng Chu Zi No. 113608	Block No. 9, 21 Sanhao Road	Warehouse	12,254.85
Fu Fang Quan Zheng Chu Zi No. 113611	Block No. 10, 21 Sanhao Road	Ancillary	1,359.63
		Phase I Sub-total:	*163,118.18*
Phase II			
Fu Fang Quan Zheng Chu Zi No. 152063	Block No. 1, 2-2 Dongqiao Road	Office	1,601.24
Fu Fang Quan Zheng Chu Zi No. 152064	Block No. 2, 2-2 Dongqiao Road	Ancillary	234.16
Fu Fang Quan Zheng Chu Zi No. 152065	Block No. 3, 2-2 Dongqiao Road	Ancillary	421.20
Fu Fang Quan Zheng Chu Zi No. 152066	Block No. 4, 2-2 Dongqiao Road	Warehouse	24,211.47
Fu Fang Quan Zheng Chu Zi No. 152067	Block No. 5, 2-2 Dongqiao Road	Warehouse	24,211.47
Fu Fang Quan Zheng Chu Zi No. 152068	Block No. 6, 2-2 Dongqiao Road	Warehouse	24,234.37
		Phase II Sub-total:	*74,913.91*
		Total:	**238,032.09**

3. Pursuant to the Business Licence – No. 330183000008298 dated 27 October 2014, Zhejiang Hengde Sangpu Logistics Co., Ltd. was incorporated with a registered capital of RMB72,000,000 for an operation period of 20 years commencing on 12 October 2007 and expiring on 11 October 2027.

4. In the course of our valuation, we have prepared our valuation based on the following assumptions:

   i. Zhejiang Hengde Sangpu Logistics Co., Ltd. is in possession of a proper legal title to the property and is entitled to transfer the property freely in the market with the residual term of its land use rights at no additional land grant premium and any other associated charges payable to the government;

   ii. all land grant premium and costs of public utilities services have been fully settled;

   iii. the design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and

   iv. the property may be freely disposed of to local and overseas purchasers.

*****

This page has been intentionally left blank.

INDEPENDENT MARKET RESEARCH REPORT

Analysys 易观智库

Independent Market Research Report on China E-commerce and its Related Services

Prepared for:

EC World Asset Management Pte. Ltd. (as manager of EC World Real Estate Investment Trust) and DBS Trustee Limited (as trustee of EC World Real Estate Investment Trust)

北京易观智库网络科技有限公司

Analysys Consulting Ltd

Analysys 易观智库

19 Huajiadi Beili,

Wangjing Tower, Bldg C

Chaoyang District, Beijing 100102

Telephone: +86 (10) 6466 6565
Facsimile: +86 (10) 6466 8599

www.analysys.cn

EC World Asset Management Pte. Ltd. (as manager of EC World Real Estate Investment Trust)

and

DBS Trustee Limited (as trustee of EC World Real Estate Investment Trust)

21 June 2016

Dear Sirs,

Independent Market Research Report on China E-commerce and the Related Services

Thank you for appointing Analysys Consulting Ltd. to conduct a market study of the physical facilities for integrated e-commerce and related services in China.

Our terms of references are:

- To review China's e-commerce market and related services, including the macro environment of E-commerce in China and the development of China's E-commerce market;
- To review the major E-commerce logistics providers in China; and
- To review the impact of the development of China's e-commerce and related services market on the market for the physical facilities which are used for e-commerce and related services.

It has been a pleasure working with you and your team and we look forward to working with you again in the future.

Yours faithfully,

Cynthia Liu

Managing Director

北京易观智库网络科技有限公司 **Analysys Consulting Ltd**

1. Macro Environment of E-commerce in China

Based on the PEST model[1], this section analyses the macro environment of China's e-commerce market from the political, economic, social and technological perspectives.

Figure 1-1 PEST Analysis of China's E-commerce Market

Political	Economic
▪ Favourable government strategy and initiatives – "Internet Plus" ▪ Emphasis on e-commerce ▪ Policy support for cross-border e-commerce ▪ Standardisation and refinement of e-commerce related regulations ▪ Continuous enhancement of Internet finance supervision and support ▪ Co-development of e-commerce and logistics	▪ Transition of China's economy to the "new normal" ▪ Declining Consumer Price Index ("CPI") and Producer Price Index ("PPI") growth
Social	**Technological**
▪ Continued growth in internet usage ▪ Increase in mobile online shopping ▪ Development of O2O initiatives ▪ Improving internet penetration and infrastructure of Chinese enterprises	▪ Advancement of big data ▪ Explosive growth of mobile payment

Source: In-house research by Analysys

1.1 Political Environment

(a) Favourable government strategy and initiatives – "*Internet Plus*"

Increasingly, there has been added emphasis on innovation and the use of the internet in China. Notably, in the 3rd Session of the 12th National People's Congress*(十二届全国人大三次会议)* on 5 th March 2015, Chinese Premier Li Keqiang announced the development of a nationwide *"Internet Plus" (互联网+)* action plan to encourage the development of e-commerce, industrial networks, and Internet banking, as well as to increase the international market presence of

[1]PEST analysis ("**Political, Economic, Social and Technological**") is a commonly used model in industry research and strategic planning to analyse the external factors that foster or impede the development of an industry or company. It describes a framework of macro-environmental factors used in the environmental scanning component of strategic management.

Chinese Internet-based companies.

Specifically, the *"Internet Plus"* initiative will focus on the integration of modern manufacturing with mobile internet, cloud computing, big data, and the Internet of Things ("IoT"). IoT refers to the concept where physical objects are embedded with electronics, software, and network connectivity. In our opinion, *"Internet Plus"* is a fresh notion in China, and it is unprecedented for the "Internet" to be emphasised in the Chinese government work report. As such, apart from positively impacting China's *tertiary* industry via the emergence of e-commerce, internet finance, online medical treatment, internet education, as well as other new business forms, we also foresee significant benefits for China's *primary* and *secondary* industries. In short, the *primary* industry comprises industries such as farming, animal husbandry, forestry and fishery, while the *secondary* industry includes sectors such as manufacturing, construction, mining and quarrying. The *tertiary* industry comprises all other industries, including transportation, telecommunications and the service sector.

Already, RMB 40 billion of government funds have been set aside for investment in China's emerging industries, with Chinese Premier Li Keqiang further stressing the need for more state investment in the internet sector to drive the transformation and upgrading of traditional industries, as well as to facilitate the development of new business models in China[2].

(b) Emphasis on e-commerce

China's e-commerce sector has developed significantly since the publication of the nationwide *Opinions on Accelerated Development of E-commerce (关于加快电子商务发展的若干意见)* in 2005. With the promulgation of the *Opinions on Efforts to Develop E-Commerce for Accelerating Cultivation of a New Economic Driving Force (关于大力发展电子商务加快培育经济新动力的意见)* by the Chinese State Council in May 2015, greater emphasis has been placed on the integration of e-commerce with other industries to drive industrialisation, urbanisation and agricultural modernisation. Most recently, the Chinese government has taken measures to boost rural e-commerce. In particular, the General Office of the State Council released the *Guiding Opinions on the Promotion of the Development of Rural E-commerce* as well as the *Circular on Promoting Rural E-commerce Development* in November 2015. Together, these two policies aim to promote agricultural upgrading and rural development through the application of e-commerce in areas ranging from agricultural production to distribution.

(c) Policy support for cross-border e-commerce

In recent years, China has issued various national policies to develop greater opportunities for foreign trade e-commerce. For instance, the *Notice on Tax Policy for Cross-border E-commerce Retail Export (关于跨境电子商务零售出口税收政策的通知)* published in January 2014 specified preferential tax incentives for cross-border e-commerce exports, subject to the fulfilment of conditions stipulated by the Ministry of Finance and the State Administration of Taxation.

[2] Government Report of 3rd Session of the 12th National People's Congress (十二届全国人大三次会议政府工作报告)

In February 2014, the customs supervisory code of "9610" was introduced to identify cross-border transactions executed through e-commerce platforms, providing an avenue for e-commerce enterprises and domestic individuals involved in cross-border e-commerce transactions to be recognised for potential tax benefits.

Furthermore, in June 2015, the Chinese State Council issued the *Guiding Opinions on Promoting the Healthy and Rapid Development of Cross-border E-commerce* which highlighted supportive measures in five key areas, namely (i) streamlining customs clearance procedures for cross-border e-commerce exports and imports; (ii) providing collective services for customs declaration, examination and release of goods; (iii) clarifying and formulating cross-border e-commerce import and export tax policies; (iv) encouraging domestic banks and third-party payment companies to launch cross-border e-payment services; and (v) offering financing support for key cross-border e-commerce projects such as credit insurance.

In our opinion, the effective implementation of policies by the Chinese government, coupled with the increasing popularity of Chinese-made goods overseas is expected to accelerate the development of cross-border e-commerce in the next few years. Notably, China's outbound trade volume grew from RMB 10,702.3 billion in 2010 to RMB 14,388.4 billion in 2014[3].

(d) Standardisation and refinement of e-commerce related regulations

In our opinion, Chinese e-commerce gained further traction in 2014 with greater standardization and refinement of e-commerce related regulations. Specifically, these regulations focussed on safeguarding the interests of consumers, culminating in improved consumer confidence and a growing demand for e-commerce services in China. The following are two of such regulations:

In February 2014, the *Measures for Management of Network Transaction (网络交易管理办法)* published by the State Administration of Industry and Commerce specified consumers' right to return commodities sold online within 7 days upon receipt of the purchased commodity. This however, excluded certain commodities such as fresh goods, perishable goods and tailored goods.

In November 2014, the draft *Interim Provisions on Concentrated Sales Promotion Management of Network Commodities and Service (网络商品和服务集中促销活动管理暂行规定（征求意见稿）)* published by the State Administration of Industry and Commerce specified requirements for organizers of online sales promotional activities to perform identity checks of its participating operators, as well as to supervise the promotional activities conducted. In addition, organizers are also subject to certain disclosure requirements and restrictions with the objective of further protecting the interests of consumers. In September 2015, the Interim Provisions were finalised and has been in effect since 1st October, 2015.

(e) Continuous enhancement of Internet finance supervision and support

In general, the Chinese government is enhancing supervision of Internet finance. Based on the

[3] Publicly available data obtained from official site of National Bureau of Statistics of the People's Republic of China

Notice on Enhanced Management of Cooperation between Commercial Banks and Third-party Payment Institutions (关于加强商业银行与第三方支付机构合作业务管理的通知) published by China Securities Regulatory Commission and the People's Bank of China in April 2014, measures such as data exchange, technical support and digital payment channel authorization have been introduced to enhance the cooperation between banks and third-party payment institutions, as well as to regulate and monitor the capital flow of third-party institutions. In addition, there is an added emphasis on the authentication of consumer identities in order to improve online transaction security.

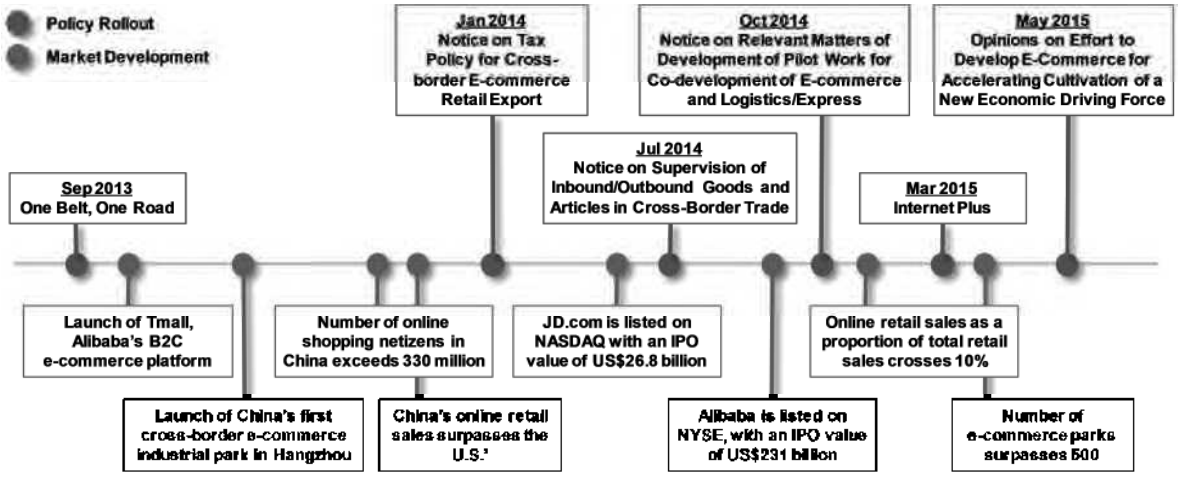
Separately, the *Notice on Organization and Development of Innovation and Pilot Work for Mobile E-commerce Financial Technology Service (关于组织开展移动电子商务金融科技服务创新试点工作的通知)* published by the National Development and Reform Commission in May 2014 encourages the establishment of safe and reliable public service platforms for mobile e-commerce. On 8th August 2013, the State Council of the People's Republic of China (the "State Council") published the "Opinions on Promoting Information Consumption and Expanding Domestic Demand" to announce its plans to accelerate the construction of trusted platforms and services to address the potential hazards in mobile e-commerce payments such as inconsistent identity authentication standards, and poor interconnectivity of mobile financial services.

(f) Co-development of e-commerce and logistics

In October 2014, the Ministry of Finance, the Ministry of Commerce and the State Post Bureau jointly published the *Notice on Relevant Matters of Development of Pilot Work for Co-development of E-commerce and Logistics/Express (关于开展电子商务与物流快递协同发展试点有关问题的通知)*. Citing plans to develop both the e-commerce and logistics sectors in China, government funds were set aside to establish the basic support infrastructure in 5 pilot cities, namely Tianjin, Shijiazhuang Hangzhou, Fuzhou and Guiyang. The *Notice* largely focuses on the construction of better logistics facilities, standardization of operational vehicles, training of skilled professionals, as well as the promotion of greater cooperation between e-commerce and logistics enterprises.

The rapid development of China's logistics sector, in particular the express delivery services, remains a major government focus. In our opinion, express delivery services represent a new growth segment of China's service industry, and forms a key component of the development of China's e-commerce market. In October 2015, the Chinese State Council issued the *Opinions on Promoting the Development of the Express Delivery Sector*, to promote the use of more advanced technologies to establish a secure and more efficient delivery network that stretches across both urban and rural areas.

Figure 1-2 China's E-commerce Roadmap



Source: In-house research by Analysys

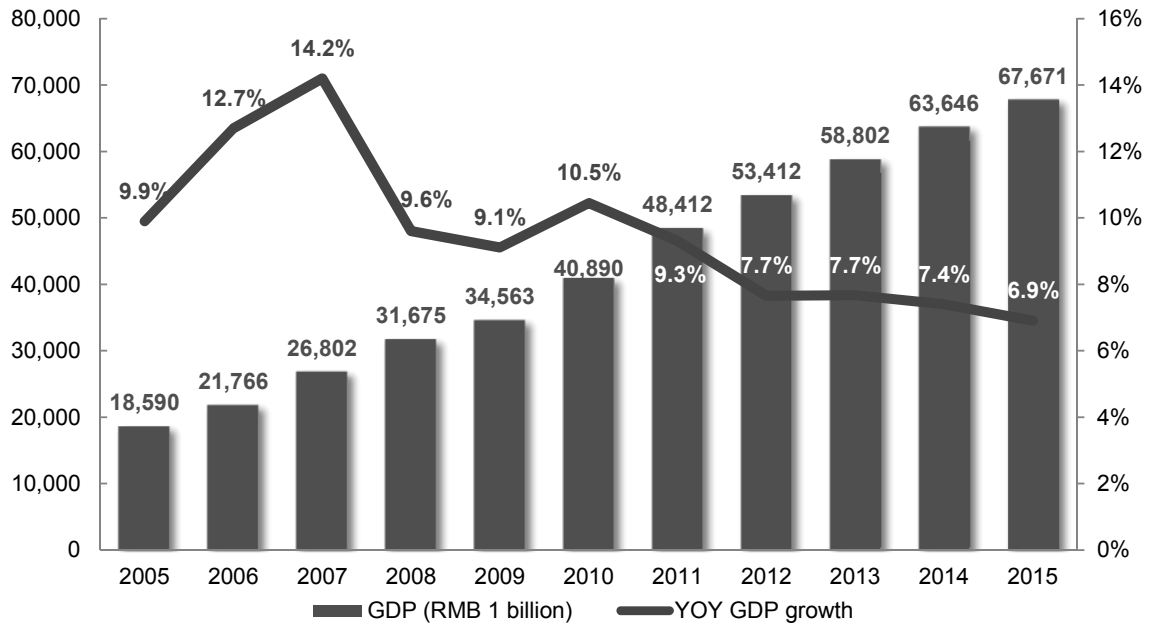
Supported by favourable policies and incentives, traditional manufacturers including state-owned enterprises have been encouraged to enter the e-commerce sector, thereby signifying increased investment in the e-commerce sector. Youths have also been encouraged to begin or re-start their careers in e-commerce. Some of the key policies include the "Guidance on Promoting the Internet+" published by the State Council on 4th July 2015, which emphasised the development of e-commerce in rural areas, the development of cross-border e-commerce, and to encourage the use of innovative applications such as big data, cloud platforms, and social networking. As such, with the strong policy support from the Central Government, the growth of the Chinese e-commerce market is expected to remain buoyant in the foreseeable future.

1.2 Economic Environment

(a) Transition of China's economy to the "new normal"

There are strong signs that the Chinese economy is transiting to a "new normal." Since the onset of the global financial crisis in 2008, China's growth has declined from a double-digit growth to around 7.5% per annum. Specifically, Chinese President Xi Jinping was quoted as saying that China needs to adapt to a "new normal"[4], with a shift in focus from the pace of growth to the quality of growth. In 2015, China recorded a GDP growth of 6.9%.

Figure 1-3 GDP and Growth Rate in China



Source: Publicly available data obtained from the official website of National Bureau of Statistics of the People's Republic of China

From an average of approximately 29% per annum between 2001 and 2008, China's export growth has substantially slowed down to below 10% per annum in recent years. Notably in 2013, the employment and output of China's manufacturing sector as a proportion of the country's total began to decline. In the same year, China's manufacturing output was surpassed by the output from its services sector. By the first half of 2014, China's services sector has started to account for more than half of the country's growth.

In essence, China's economy is undergoing a transition, with the "new normal" coinciding with a rebalancing of the economy. Specifically, there is now a reduced emphasis on export growth and a greater emphasis on domestic consumption and technological innovation. According to the "Global Economic Prospects 2016" published by the World Bank, China's "new normal" is expected to yield growth rates in the range of 6% to 7% in the coming years. While this

[4] Xi Jinping's speech "《谋求持久发展，共筑亚太梦想 Seeking for Continuous Development and Building APEC Dream》" at APEC CEO Summit on 9th December, 2014.

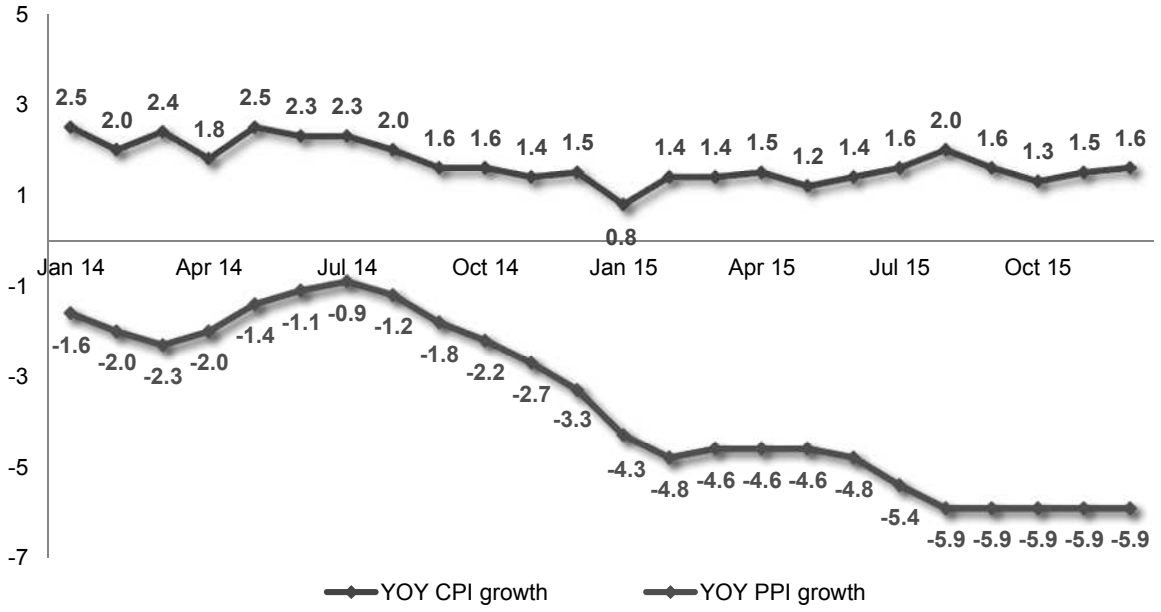
represents the country's slowest pace in two decades, it is of note that the expected growth still exceeds that of the other major economies.-

In terms of the impact on e-commerce, it is noteworthy that three Chinese Internet companies, namely the Alibaba Group, Tencent Holdings and Badu Inc. are now among the world's largest companies in terms of market capitalisation. The Chinese e-commerce industry's rise has come about even as China's economic growth has slowed from its double-digit pace from a decade ago. In our opinion, it is not certain whether the potential slowdown will negatively impact China's growing e-commerce market.

(b) Declining CPI and PPI growth

In 2015, China's CPI grew 1.4%, representing a decline of 0.6% from 2014. Notably, this is the lowest recorded CPI growth since 2010. In terms of the PPI , China registered an annual growth of -5.2% in 2015, and recorded its 46th consecutive month of declining PPI growth in December 2015.This is a reflection of a slowdown of Chinese economic activity, but e-commerce businesses, which generally operate at lower costs, are expected to be less affected compared to the traditional businesses. In particular, e-commerce businesses enjoy potential savings in order-taking, marketing and customer services costs in comparison to brick and mortar businesses. In addition, businesses ahead of the technology curve are also expected to stay resilient as technological improvements are expected to improve operational efficiency and costs.

Figure 1-4 China's CPI & PPI



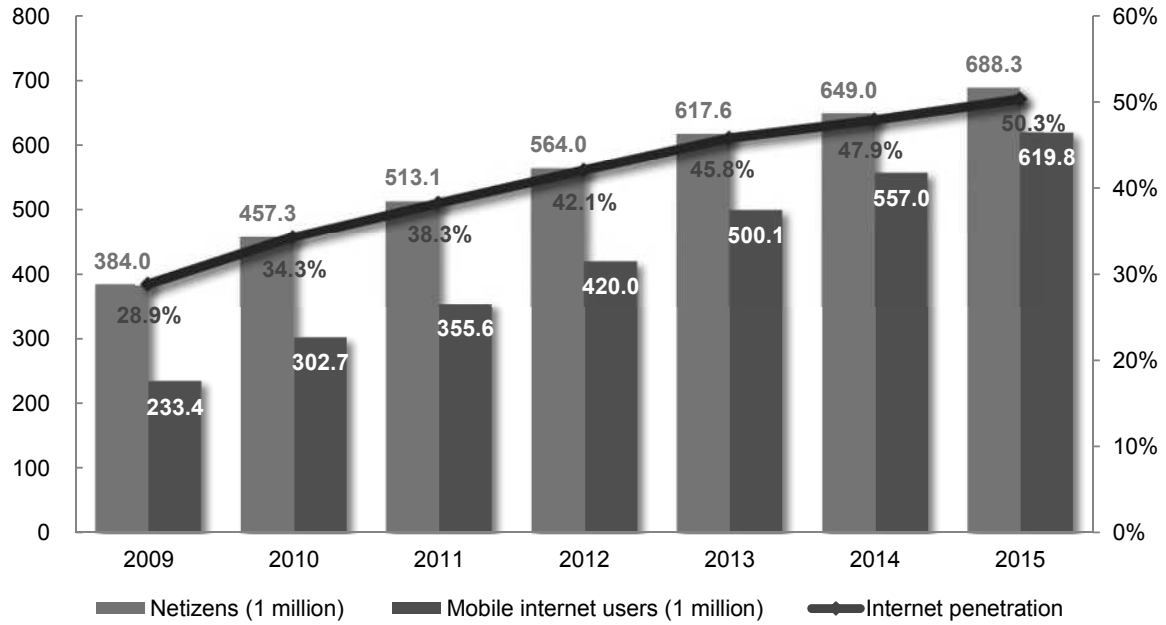
Source: Publicly available data obtained from the official website of National Bureau of Statistics of the People's Republic of China

1.3 Social Environment

(a) Continued growth in internet usage

In 2015, China registered its highest number of netizens and mobile internet users, at 688.3 million and 619.8 million respectively. In terms of proportion of mobile internet users among netizens, the 90.0% recorded in 2015 represented a healthy growth of 4.2% from the 85.8% achieved in 2013.

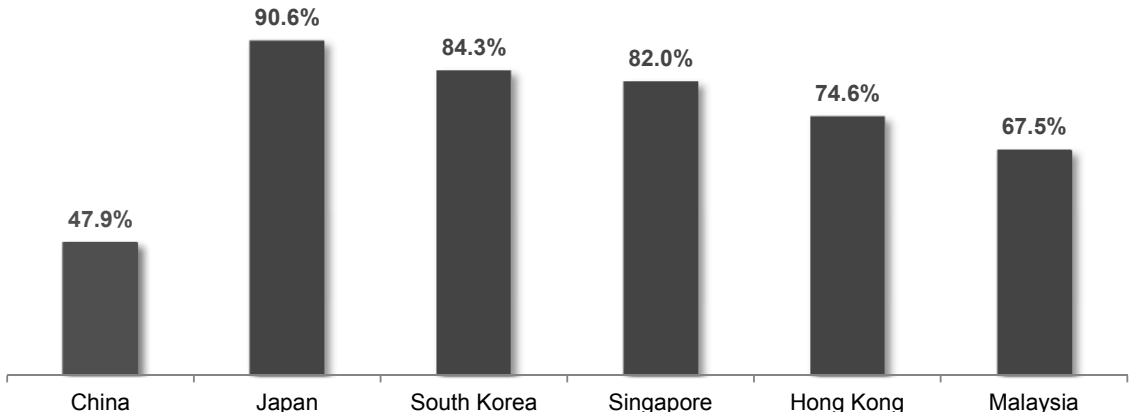
Figure 1-5 Internet Usage Trend in China



Source: China Internet Network Information Centre, "37th Report on China's Internet Development", January 2016 (中国互联网络信息中心，《中国互联网络发展状况统计报告-第 37 次》，2016 年 1 月

Based on the survey data conducted by the China Internet Network Information Centre, the internet penetration in China has increased from 28.9% in 2009 to 50.3% in 2015. There are expectations that China may experience a sustained period of slowing growth in terms of the number of internet users, but it should be noted that the current 688.3 million Chinese internet users represent a sizeable online market. Moreover, China's 2014 internet penetration rate of 47.9% currently lags behind the more developed nations in Asia, which suggests significant expansion and growth opportunities for China in terms of internet penetration, and corresponding increases in internet users and internet usage.

Figure 1-6 Internet Penetration Rates in the Region in 2014

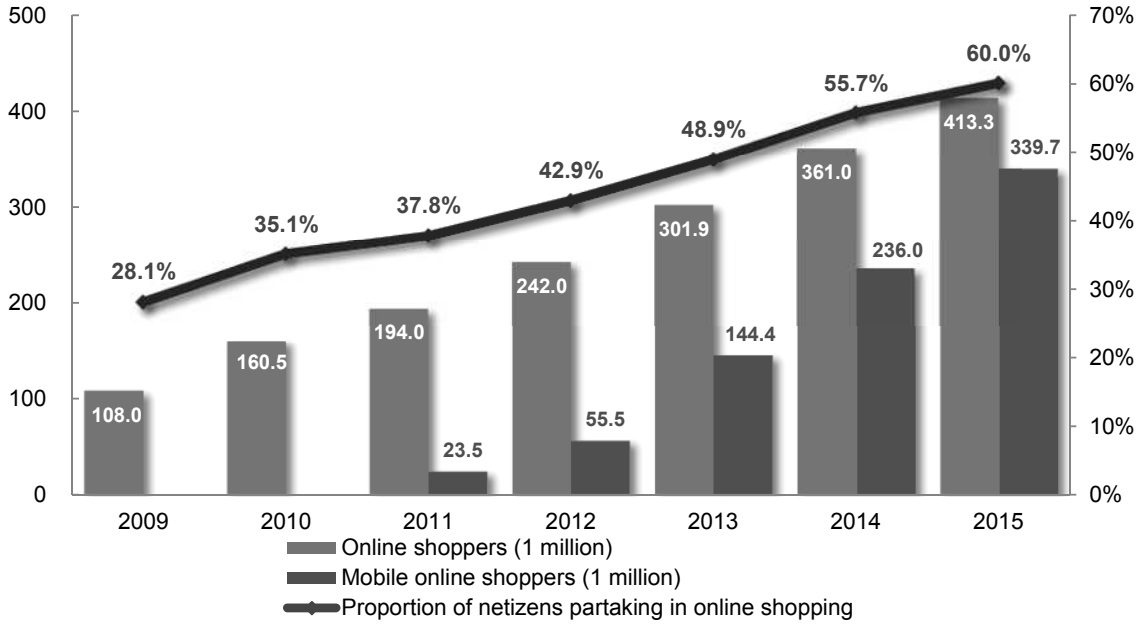


Source: World Bank Database – Internet Users (per 100 people)

(b) Increase in mobile online shopping

In 2015, a total of 413.3 million netizens in China participated in online shopping, representing a robust growth of 14.5% from 2014. In the same period, the proportion of netizens involved in online shopping activities increased from 55.7% to 60.0% - China's highest in 5 years.

Figure 1-7 Online Shopping Trend in China



Source: China Internet Network Information Centre, "37th Report on China's Internet Development", January 2016 (中国互联网络信息中心，《中国互联网络发展状况统计报告-第 37 次》，2016 年 1 月

The use of mobile phones for online shopping has gained substantial prominence of late, with the number of online mobile shoppers growing at a significant compound annual growth rate ("**CAGR")** of 95.0% since 2011. In 2015, the growth in the number of Chinese online mobile shoppers outpaced China's total online shoppers by approximately 3 times. Specifically, 54.8%

of mobile users have the experience of shopping online via their mobile phone in 2015, up 12.4% from the 42.4% recorded in 2014.[5]

In our opinion, the sustained increase in the number of Chinese online shoppers can be attributed to the following factors:

- Improved cooperation between the Ministry of Commerce and enterprises to crack down on counterfeit products. Notably in December 2015, the General Administration of Quality Supervision, Inspection and Quarantine of People's Republic of China also signed an agreement with 4 e-commerce companies, namely JD.com **("JD")**, Alibaba, Sunning, and Yihaodian, to jointly develop an online platform to check the authenticity of commodities sold on e-commerce platforms.[6]
- Enhanced protection of consumer's interests resulting from the implementation of government measures such as the *Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers*, which specifies that goods purchased online can be returned within 7 days without costs.
- Development of e-commerce platforms improvements in logistics and delivery services in China.
- Widespread online campaigns undertaken by enterprises to market their products.

While the number of users making payments online in 2015 grew by 36.8%, online payments made via mobile services grew at a more substantial increase of 64.5%.[7] We expect the increasing availability, convenience and security of making payments online to be one of the drivers of China's e-commerce market.

(c) Development of O2O initiatives

In our opinion, "Online to Offline" (O2O) initiatives have taken off in China. Specifically, O2O initiatives are a form of business strategy which focuses on the drawing of potential customers from online channels to the physical stores. In China, O2O enterprises chose to initiate their O2O strategies in the first-tier cities as a result of the cities' relatively higher consumption ability and internet penetration levels. So far, the take up rates have been encouraging, with a sizable 39.2% of netizens in first-tier cities having utilised O2O initiatives.[8] The potential of China's consumption market has not gone unrecognised, with Chinese enterprises now pushing to carry out similar activities in the second and third-tier cities. With increasing user demand, it is of note

[5] China Internet Network Information Centre, "37th Report on China's Internet Development", January 2016 (中国互联网络信息中心，《中国互联网络发展状况统计报告-第 37 次》，2016 年 1 月

[6] The official announcement published by the General Administration of Quality Supervision, Inspection and Quarantine of People's Republic of China on 28th December 2015.

[7] China Internet Network Information Centre, "37th Report on China's Internet Development", January 2016 (中国互联网络信息中心，《中国互联网络发展状况统计报告-第 37 次》，2016 年 1 月

[8] China Internet Network Information Centre, "35th Report on China's Internet Development", January 2015 (中国互联网络信息中心，《中国互联网络发展状况统计报告-第 36 次》，2015 年 1 月

that O2O initiatives are currently evolving from the initial focus on food and recreational related services, to also encompass medical treatment and housekeeping related services.

(d) Improving internet penetration and infrastructure of Chinese enterprises

Supported by the availability of faster broadband internet services, the internet infrastructure amongst Chinese enterprises have improved significantly. At present, 90% of Chinese enterprises make use of computers for their businesses, with internet penetration hitting approximately 80%.[9] Driven by the higher internet penetration level amongst consumers, Chinese enterprises increasingly recognise the importance of the internet to serve as a medium for marketing and promotional campaigns, as well as a direct sales channel to consumers.

1.4 Technical Environment

(a) Advancement of big data

The concept of big data was officially conceived in 1997. Since then, data quantity has grown at an average of 50% annually. By 2020, the global data count is expected to grow by a substantial 30 times compared to 2010.

”Big data” largely refers to use of technology to acquire, transmit, process and analyse information. Notably, e-commerce was the first industry to use big data for precision marketing, and Chinese e-commerce enterprises have since benefited from the use and quantity of data to better understand consumer behavior and preferences. Going forward, we expect Chinese e-commerce enterprises to actively explore and tap the relevant applications of big data as part of their growth strategies.

(b) Explosive growth of mobile payment

With the introduction of 4G mobile communication networks, mobile users are now able to swiftly access information. Coupled with enhancements to the stability and security of the existing networks, China is welcoming a period of rapid growth in its e-commerce mobile market. Notably, this has coincided with a surge of payments made through mobile devices.

With a large lucrative market to tap on, competition remains intense amongst mobile payment providers. Last year, Alibaba and Tencent attracted users to send virtual red envelopes through Alipay or WeChat, as they sought to tap into the digital wallets of the large Chinese market. It was reported by Xinhua News Agency on its website, the official press agency of the People's Republic of China on 16th February 2015 that Alibaba alone, offered “red packets” of RMB 600 million to customers via its Alipay payment platform – RMB 156 million in cash, and RMB 43 million for shopping expenses, as a method of promoting its mobile payment application.

[9] China Internet Network Information Centre, “35th Report on China’s Internet Development”, January 2015 (中国互联网络信息中心，《中国互联网络发展状况统计报告-第 36 次》，2015 年 1 月

2. Development of China's E-Commerce Market

E-commerce refers to commerce and trading activities done through online, virtual and electronic means, but supported by vast back-end functions such as product development and design, marketing, after-sales support, legal, finance and billing, delivery and fulfilment, and warehousing and logistics.

End-to-end, the e-commerce sector involves a large number of players and can be generally divided into two business sub-segments:

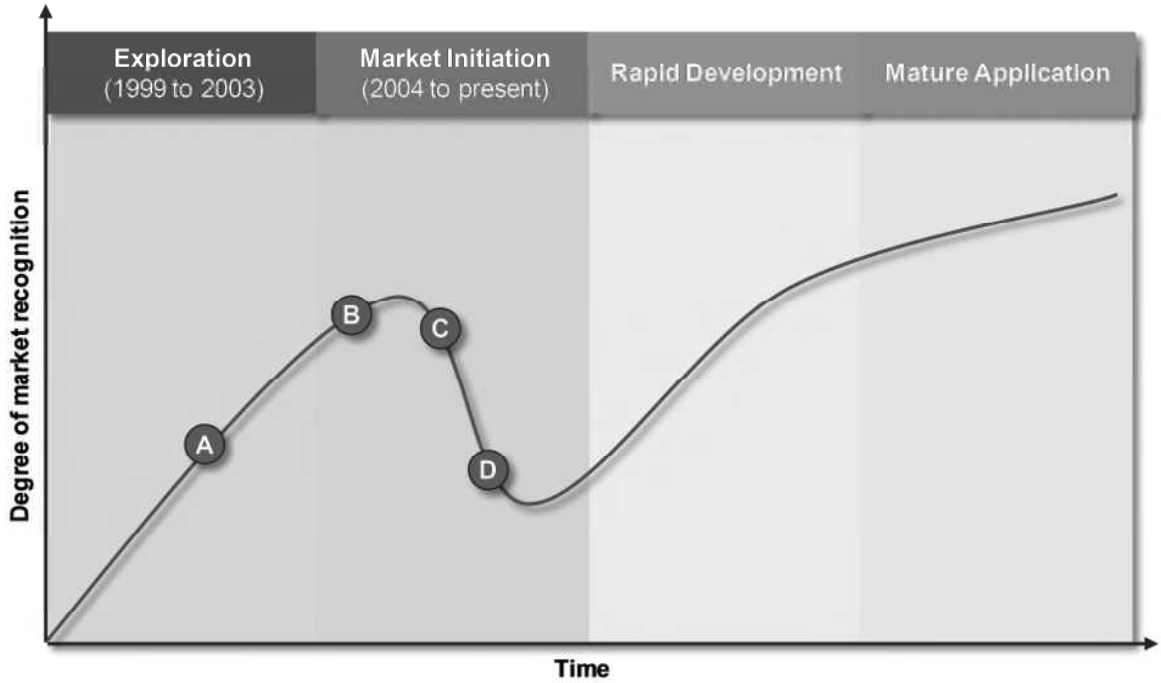
- Business to Business (B2B) E-commerce
- Retail E-commerce: Business to Consumer (B2C) and Consumer to Consumer (C2C)

2.1 Business-to-Business (B2B) E-Commerce

2.1.1 Industry Life Cycle

In our opinion, the development of China's business-to-business ("B2B") e-commerce market comprises four phases, namely exploration, market initiation, rapid development and mature application. At present, we consider China's B2B e-commerce market to be at the market initiation phase, and we foresee substantial growth opportunities for the e-commerce industry as it gradually moves into the rapid development phase.

Figure 2-1 B2B E-Commerce Industry Life Cycle



Source: In-house research by Analysys

Exploration Phase (1999 to 2003)

(A): The establishment of the Alibaba Group in 1999 is widely viewed as the beginning of China's B2B e-commerce sector. This coincided with a period where some of China's traditional businesses began to embrace innovation, and increasingly recognised the opportunities presented by B2B e-commerce platforms as a mean of expanding their product outreach. In addition to Alibaba, other B2B e-commerce platforms established in China included Made-in-China, www.99114.com, and Chemnet.

- *Made-in-China.com (中国制造网) was developed by, and is operated by Focus Technology Co., Ltd. ("**Focus Technology**"). Focus Technology is a pioneer and leader in the field of electronic business in China. Founded in 1996, Made-in-China specializes in bridging the gap between global buyers and quality Chinese suppliers.*
- *www.99114.com (中国网库) is founded in 1999 and operates in 157 cities in China. It is a B2B e-commerce platform focusing on domestic trade.*
- *Chemnet (中国化工网) is operated by SunNet (网盛生意宝 SZ:002095). It is the first B2B e-commerce platform specializing in chemical products.*

Through platforms such as Alibaba's e-commerce websites, Chinese manufacturers were able to list their product offerings, and connect with buyers from both China as well as overseas. For the manufacturers, utilising this platform represented a relatively inexpensive sales strategy. At the same time, buyers were attracted by the opportunity to source for the lowest cost options on a consolidated platform. Thus, e-commerce platform providers such as Alibaba were able to rapidly grow its membership base during the years of the exploration phase.

Market Initiation Phase (2004 to present)

(B): With the advancement of information technology, the demand for e-commerce related services increased. Competition amongst e-commerce platform providers intensified as China welcomed an influx of new entrants such as Hc360.com and Global Sources. As website traffic and internet users increased, Chinese B2B e-commerce players grew in prominence, and many sought listings on stock exchanges to tap the capital markets for funding.

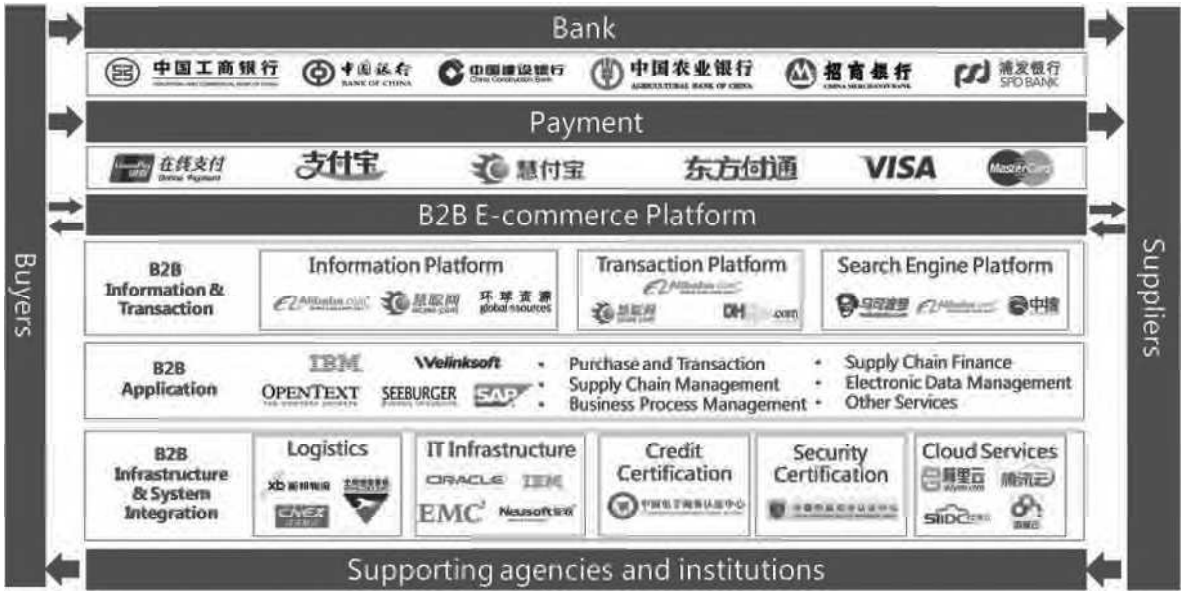
(C): The onset of the global financial crisis resulted in a decrease in transaction demand, in particular from overseas, on Chinese B2B e-commerce platforms. Coupled with the growing number of new Chinese companies offering relatively similar e-commerce services, it became increasingly challenging for the weaker Chinese B2B e-commerce providers to remain competitive.

(D): In 2013, Chinese B2B e-commerce providers began to undertake diversification strategies to differentiate their service offerings, and by 2014, more companies began to leverage on big data and cloud computing. Gradually, the Chinese B2B e-commerce market shifted its focus from the provision of information and advertisements, to one which emphasised online transactions, data services, financial services, as well as logistics support and services.

2.1.2 Industry Landscape

B2B refers to e-commerce activities for establishing marketing relationships between enterprises via integration of resources from the upstream and the downstream of the industry chain, based on the e-commerce B2B platform and big data. In general, China's B2B e-commerce industry comprises 6 key participating groups, namely the buyers, suppliers, banking institutions, payment service providers, B2B platform service providers, and other supporting organizations including logistics and warehousing, cloud services and certification institutions.

Figure 2-2 B2B E-Commerce Industry Landscape



Source: In-house research by Analysys

While both banking institutions and payment service providers undertake the important role of facilitating the flow of funds between buyers and sellers, B2B platform service providers are key in connecting the various participants, and enable the Chinese B2B e-commerce industry to function.

In our opinion, *B2B platform service providers* can be further classified into 3 types.

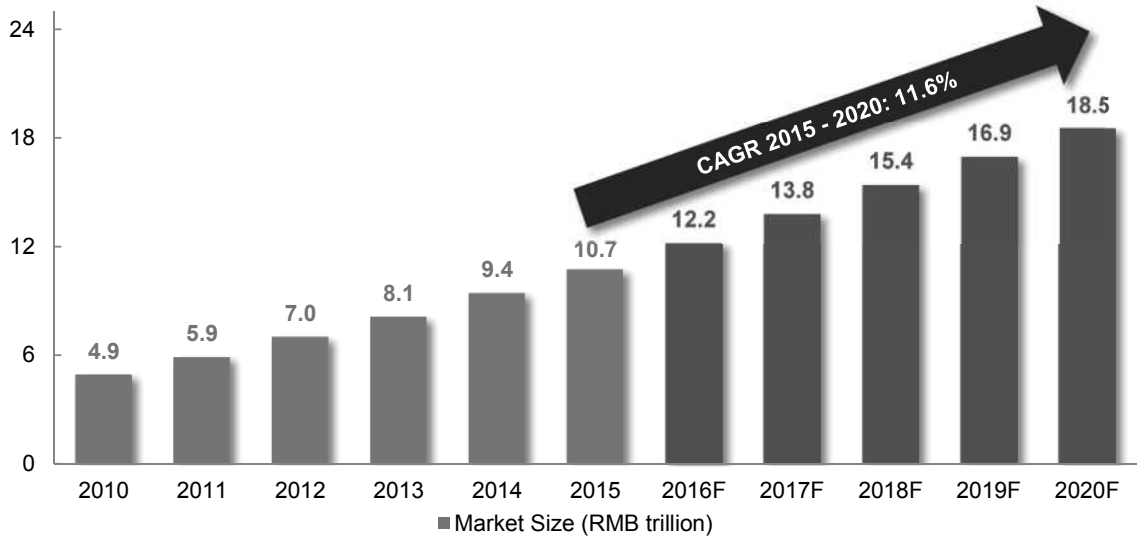
- **B2B information and transaction services:** These companies essentially provide an online platform that connects buyers and sellers, allowing parties to search and access information, and more importantly to transact with the relevant counterparty. Notable companies include Alibaba and Huicong.
- **B2B application services:** These software companies typically provide one of the following services which support information flow by dealing with transaction management, supply chain management, business process management, electronic data transmission and synchronisation, amongst others. Notable names include IBM and SAP SE.
- **B2B infrastructure and system integration services:** These companies provide

logistics service, data storage / cloud computing services, as well as information and payments security services.

2.1.3 Market Size

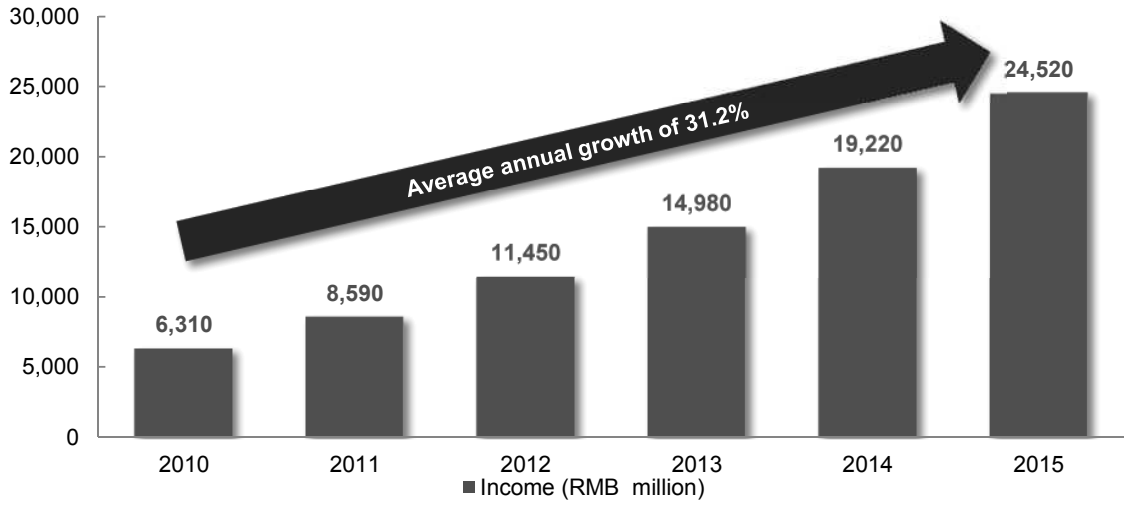
China's B2B e-commerce market has exhibited steady growth over the last 5 years, growing at an impressive CAGR of 16.9% since 2010. We expect the growth to continue in the next 5 years, at an expected healthy CAGR of 11.6%. By 2020, China's B2B e-commerce market will be valued at RMB 18.5 trillion. Correspondingly, earning levels have also grown steadily, averaging an annual growth of 31.2% for the past 5 years.

Figure 2-3 Market Size of China B2B E-Commerce



Source: In-house research by Analysys

Figure 2-4 Earnings of China B2B E-Commerce



Source: In-house research by Analysys

2.1.4 Outlook

(a) Greater online and offline integration amongst B2B e-commerce enterprises

O2O initiatives will increasingly serve as a valuable tool for Chinese B2B enterprises to expand their business outreach. In particular, the small and medium sized enterprises ("**SME**") stand to enjoy greater benefits as they have limited resources to conduct extensive marketing campaigns. In the past year, many B2B e-commerce platform providers have actively developed their O2O programmes. Notably in 2015, the launch of the Shengyihao application by Makepolo.com in partnership with China South City, Baidu and Tencent, has enabled the creation of an ecosystem that allows Makepolo.com's 15 million SME online users to tap on Baidu's Zhidahao and LBS mobile search, Tencent's Wechat platform and mobile payment services, as well as China South City's commercial logistics services and offline physical stores.[10]

(b) Focus on big data and cloud computing

At present, the majority of e-commerce service providers only review the available data without performing extensive analysis and exploration. Going forward, B2B e-commerce platform providers will increasingly make use of big data for precision marketing as well as to offer more personalized customer services. This will largely be done via an increase in data mining and data acquisition. In addition, cloud computing will be tapped upon as a valuable business investment in order to cope with peak consumer demand, as well as to derive cost savings for e-commerce platform providers.

[10] In house research by Analysys from in-depth interviews with related B2B e-commerce companies.

(c) Increased reliance on logistics services

To cope with the growing demand for e-commerce transactions, B2B e-commerce platform providers will increasingly partner third-party logistics service providers to ensure more efficient deliveries to end users. By leveraging on the logistic service providers' infrastructure and network outreach, e-commerce companies will also be able to ensure the delivery of bulk orders, and more importantly, orders of small quantities, at more affordable costs.

(d) Vertical integration opportunities

In our opinion, the domestic B2B e-commerce market currently faces the challenges of lengthy supply chains, difficulties for SMEs to obtain financing, imperfect credit systems, as well as relatively high logistical costs.

In particular, with regard to high logistical costs, aside from partnerships with logistics service providers, Chinese e-commerce platform providers are exploring the possibility of integrating their business downstream by providing warehousing and logistics services.

In addition, another opportunity for business integration would be supply chain financing. With the use of big data, e-commerce platform providers are equipped with the tools to perform analysis on transaction settlement and credit behaviours. By partnering financial institutions, such information may be provided to help buyers and sellers secure better credit lines and terms based on their e-commerce transaction track record. This is especially the case for SMEs, which typically face greater difficulties in obtaining bank financing. Apart from earning a commission on the financing provided, B2B e-commerce platform providers also stand to gain from the potential increase in transactions on their platforms. In 2014, we noted that many B2B e-commerce platform providers such as Alibaba, Hc360.Com, Makepolo.com and Netsun carried out pilot work for supply chain financing as well as fund settlement services. In addition, on the MakeJinrong platform owned by Makepolo.com alone, loan application for a total of RMB 100 billion was received, with the eventual granted amount reaching RMB 10 billion.

At present, few service providers are capable of providing integrated services. However, we expect an increasing number of service providers to undertake upstream and downstream services that either complement their existing businesses, or help achieve lower operating cost.

(e) Diversified and value-adding services

Going forward, China's B2B e-commerce market is expected to place more emphasis on providing a diverse range of value-adding services that benefits the various needs of stakeholders in the e-commerce B2B industry landscape. Notably, services will continuously be enhanced or newly introduced to allow suppliers to more accurately target its desired market, and for buyers to access more accurate and timely information. For instance, we expect enhanced securities for online payments, greater options of credit financing, and improved real-time monitoring of warehouse logistics and freight transportation.

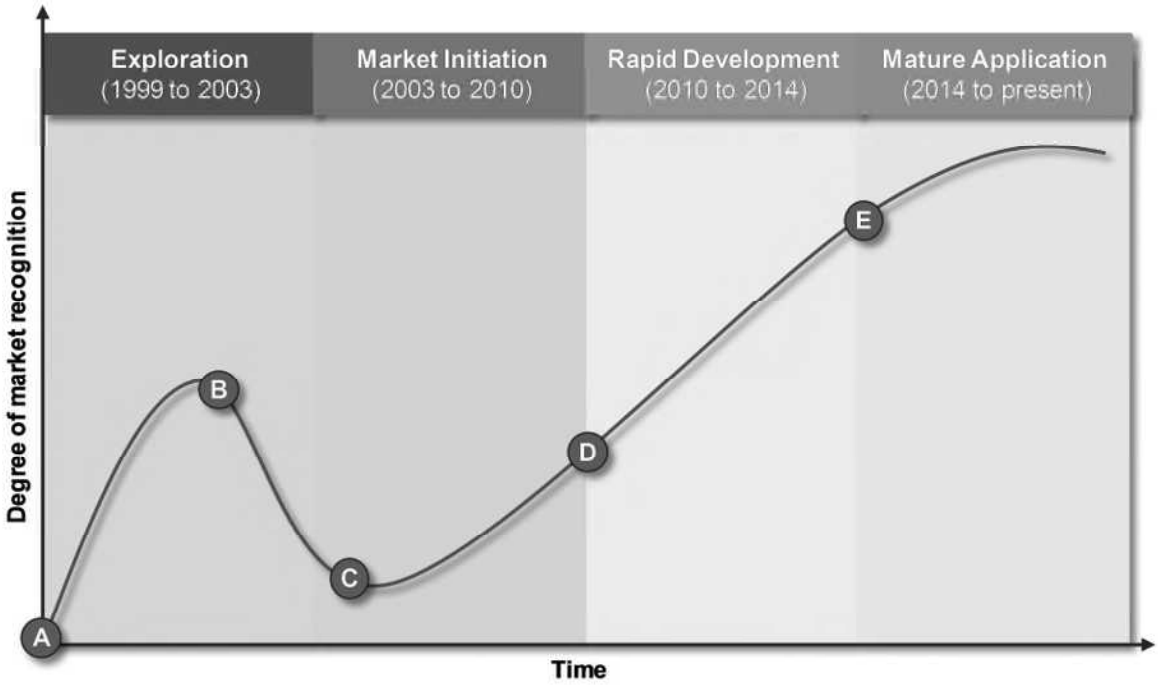
2.2 Retail (B2C & C2C) E-Commerce

2.2.1 Industry Life Cycle

Apart from the B2B sector, China's e-commerce industry also consists of the retail component, which mainly refers to both the business-to-consumer ("**B2C**") and consumer-to-consumer ("**C2C**") e-commerce businesses. B2C and C2C refer mainly to the online retail industry established through technology and related methods. With the continuous expansion of the online retail market and further industrial development, the online retail industry plays an active and leading role in development of supporting industries and the e-commerce service industry, and has become a new retail industry which integrates upstream and downstream industry chains, covers manufacturers, distributers, online payment, logistics distribution, e-commerce technology support, third partners, shopping information and other sectors, with online retail platforms and enterprises at its core.

Similar to the B2B e-commerce market, China's retail e-commerce market also comprises of four phases, namely exploration, market initiation, rapid development and mature application. In our opinion, China's retail e-commerce market has grown rapidly since 1999, and is now considered to be at the beginning of the mature application phase.

Figure 2-5 Retail E-Commerce Industry Life Cycle



Source: in-house research by Analysys

Exploration Phase (1999 to 2003)

(A): Eachnet, 8848, and Dangdang, amongst a few others, are recognised as the pioneers of China's retail e-commerce industry. In the initial years, the industry's development was relatively slow due to the scarcity of supporting infrastructure and services, as well as a generally low level of acceptance to shop online.

- *Eachnet (易趣) was founded in 1999, focusing on online retailing of mobile phone, PC and other digital devices. In 2003, Eachnet merged with eBay and became the largest online retail site in China, until Taobao took its place.*
- *8848 was founded in 1999, and developed the first online shopping search engine in China.*
- *Dangdang was founded in 1999, focusing on online retailing of books, and audio and video products. In 2005, Dangdang launched its "General Merchandise Channel" to extend the sales to multiple categories. In 2010, Dangdang was listed on the New York Stock Exchange, becoming the first B2C online store to go public in the US.*

(B): Retail e-commerce industries were affected by the dot-com bubble, with many retail e-commerce enterprises running into financial difficulties.

Market Initiation Phase (2003 to 2010)

(C): Since 2003, China's retail e-commerce sector recorded many significant events. In 2013, Alibaba established Taobao, an online marketplace catering to both B2C and C2C segments. This was quickly followed by the entrance of international names into the Chinese retail e-commerce space. Notably, Eachnet and Joyo were acquired by eBay and Amazon respectively. It is of note that the SARS outbreak across China in late 2003 indirectly contributed to the development of the Chinese online retail market as the Chinese stayed home and was exposed to the opportunity of shopping online. By end 2004, e-commerce retail players such as Alibaba, with its online retail platform Taobao, had created complementary businesses, such as Alipay, to facilitate online payments.

Rapid Development Phase (2010 to 2014)

(D): From 2010, retail e-commerce enterprises began to attract a significant amount of investments. Notably, Dangdang, Mecox Lane and Vipshop.com were successfully listed on various stock exchanges. In addition, traditional enterprises such as Suning and Gome, sought a transformation of their businesses. In particular, both companies began to actively carry out online activities. Gradually, Chinese e-commerce enterprises also increasingly offered new business models and services, further attracting a sizable number of consumers and culminated in the rapid development of the industry.

Mature Application Phase (2014 to present)

(E): The structure of the retail e-commerce industry has largely been established, and the larger e-commerce players such as Alibaba (NYSE:BABA) and JD (NASDAQ:JD) have also successfully listed in 2014. After several years of rapid growth, we are of the view that the industry is now at a relatively mature stage. Going forward, the industry is expected to focus on mobile online shopping as the growth driver for the coming years.

2.2.2 Industry Landscape

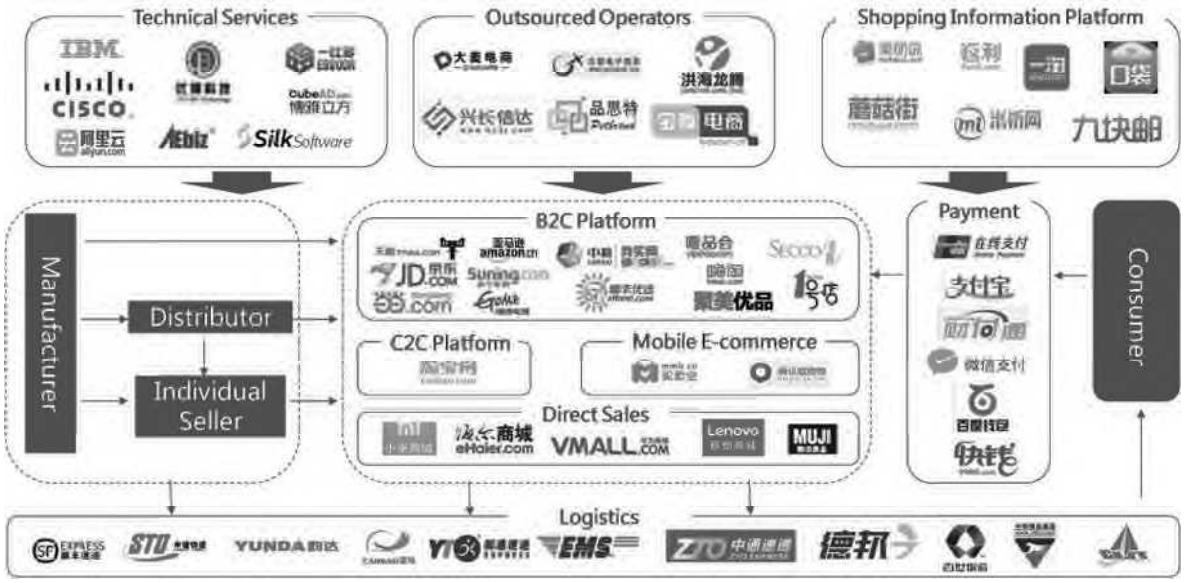
Similar to the B2B e-commerce industry, China's retail e-commerce industry comprises various participating groups. Beginning from the product manufacturer to the end consumer, the most notable parties are the B2C and C2C e-commerce platform service providers.

Similar to the B2B e-commerce platform service providers highlighted in section 2.1.2, the B2C and C2C platform services providers form the core of the e-commerce industry as they essentially provide the online platform that connects buyers and sellers, allowing parties to search and access information, as well as to conduct transactions with the relevant counterparty.

While both B2C and C2C (together, "**retail**") e-commerce platform service providers provide the network for traditional business and individuals to reach out to end consumers, it is of note that a number of traditional companies have separately built their own online sales platforms.

Apart from the retail e-commerce platform service providers, the notable supporting groups in the retail e-commerce landscape include the logistics distribution services providers, as well as the online payment and credit companies.

Figure 2-6 Retail E-Commerce Industry Landscape



Source: in-house research by Analysys

(a) Logistics Distribution

Logistics distribution services play an important role in the retail e-commerce value chain as the delivery of the purchased product marks the successful completion of an e-commerce transaction. In our opinion, the importance of logistics distribution service providers will continue to grow as retail e-commerce platform providers gradually shift away from competing on pricing to an increased emphasis on service quality.

Primarily, Chinese retail e-commerce enterprises, especially the B2C companies, make use of four types of logistics distribution methods, namely the self-built system, a combination of a

self-built system with network of physical stores, the use of third-party providers, and the formation of logistics alliances

i. Self-built system

Self-built logistic distribution refers to the use of in-house resources for the storage and delivery of products to end users. Essentially, companies construct their own warehousing and distribution centres, with no use of any third-party services in the distribution process. Self-built logistics distribution has the advantage of rapid distribution, control of service quality, as well as a faster recovery of funds. In addition, there are views that the provision of an end-to-end service may enhance the branding of a company. On the other hand, self-built systems require substantial capital expenditure on infrastructure, as well as higher operating costs.

JD and Dangdang are two such B2C enterprises with self-built logistics distribution. At present, JD's logistics distribution network extends across 1,037 counties in China, covering over 40% of China's total number of counties. Apart from 6 major logistics centres and 25 warehousing centres, JD's distribution network includes 1,000 distribution stations and 200 self pick-up points.

ii. Combination of self-built system with network of physical stores

In a slight variant from the self-built system, some enterprises such as Sunning, combines its self-built logistics system with its nationwide network of physical stores. Through this method, users have the option of collecting their purchased products at a nearby Sunning physical store, or to have the goods delivered by the respective physical stores.

iii. Use of third-party providers

As the self-built distribution system require an extensive network and high amount of investment, e-commerce enterprises, especially the SMEs, tend to rely on third-party logistics operators for product distribution. This has grown to become the most common method of distribution for e-commerce enterprises. Taobao and Tmall are two such companies that appoint specialised logistics services providers or express delivery companies such as EMS, S.F. Express, and STO Express to deliver goods. Retailers that utilise third-party providers typically enjoy relatively lower cost of distribution. It is observed that the recovery of payments may be slower, and there could be greater difficulty in ensuring service quality when third-party providers are used.

In China, the third-party logistics enterprises are mainly concentrated in three key regions.

- **Developed cities (such as Beijing and Shanghai):** Third-party logistics enterprises typically set up operational basis in these cities to be in closer proximity to the headquarters of China's largest brands, as well as to gain access to better infrastructure and a more technical and professional workforce.
- **Jiangsu, Zhejiang and Yangtze River Delta:** China's largest e-commerce enterprises are based in these regions. Third-party logistics enterprises set up headquarters in these areas to be in closer proximity to companies such as Tmall and Taobao. Alibaba, the

largest e-commerce company in China, is based in Hangzhou, Zhejiang Province, while Sunning, the 3rd largest e-commerce company in China, is based in Nanjing, Jiangsu Province.

- **Guangzhou and Shenzhen:** Third-party logistics enterprises set up operations, in particular warehousing support, in these areas to be in closer proximity to the manufacturing facilities of Chinese brand manufacturers.

iv. Formation of logistics alliance

Logistics alliances essentially refer to the partnerships formed between two or more enterprises for the sole purpose of achieving enhanced logistics distribution capabilities. Notably on 28 May 2013, the Alibaba Group launched Cainiao Network Technology Co. Ltd (菜鸟网络科技有限公司), a joint venture with Intime Retail (Group) Company, Fosun Group, Forchn Holdings Group, and five other logistics companies, namely S.F. Express, STO Express, ZTO Express, YTO Express and YunDa Express. Cainiao Network Technology Co., Ltd. operates the China Smart Logistics Network (中国智能物流骨干网), a logistics information platform which aims to transform China's logistics infrastructure through the creation of an open, transparent and shared data platform to serve e-commerce businesses, logistics companies, warehouse companies, third-party logistics service providers, and supply chain managers in China.

Cainiao's logistics information platform connects and coordinates a network of more than 3,000 logistics partners in China and abroad, including delivery firms, warehouse operators and cross-border logistics companies. Collectively these service providers operate more than 176,000 delivery stations across China.

The logistics information platform provides buyers and sellers with real-time access to information, and allows delivery service providers to improve service efficiency and effectiveness. For consumers, the logistics platform provides delivery time prediction, real-time package tracking through websites and mobile interfaces, self-service pick-up options from the participating network of convenience stores and other locations.

(b) Payment Services

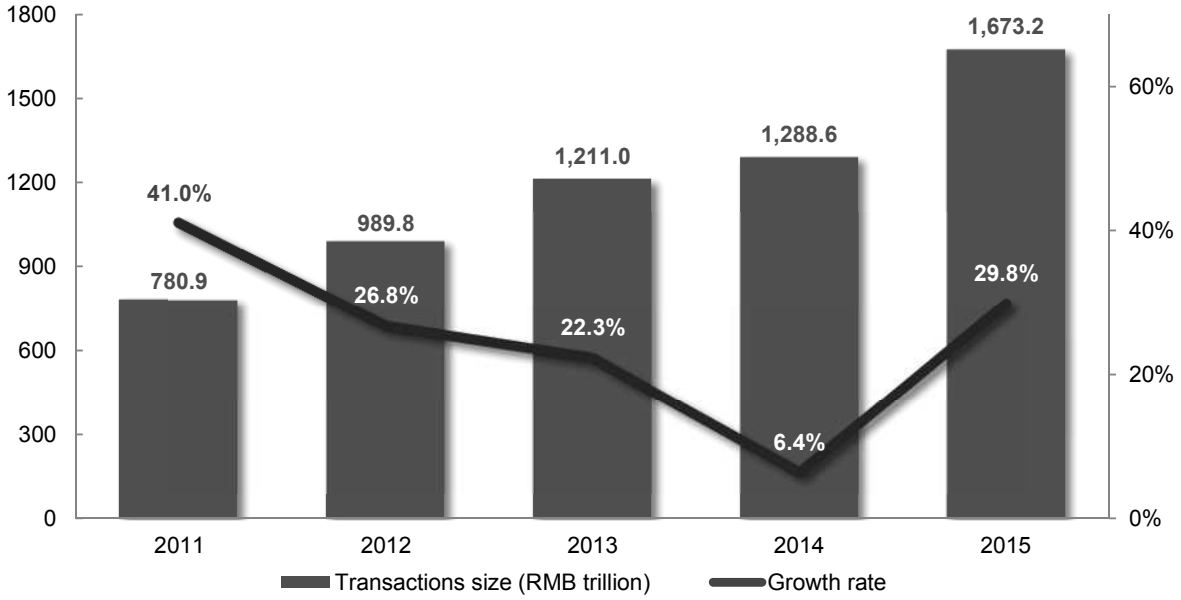
Many forms of payment methods exist in China's retail e-commerce space, ranging from traditional forms such as remittances and cash on delivery to electronic means such as online credit card payments, e-currency payments and mobile payments. Today, electronic payments have become the most common form of payment and increasingly, consumers make use of third-party payment service providers for e-commerce transactions.

i. E-currency payment

In 2015, the total transaction size of China's e-currency payments was RMB 1,673.2 trillion. Along with credit cards, the use of e-currency payments has traditionally been the dominant form of online payments in China. Since 2011, the growth in e-currency payments has generally slowed as a result of the increasing popularity of third-party and mobile payments. Yet, it is of

note that the e-currency payments remain an important means of e-commerce payments purely because of its large transaction market size.

Figure 2-7 Transaction Size of E-currency Payments in China



Source: In-house research by Analysys

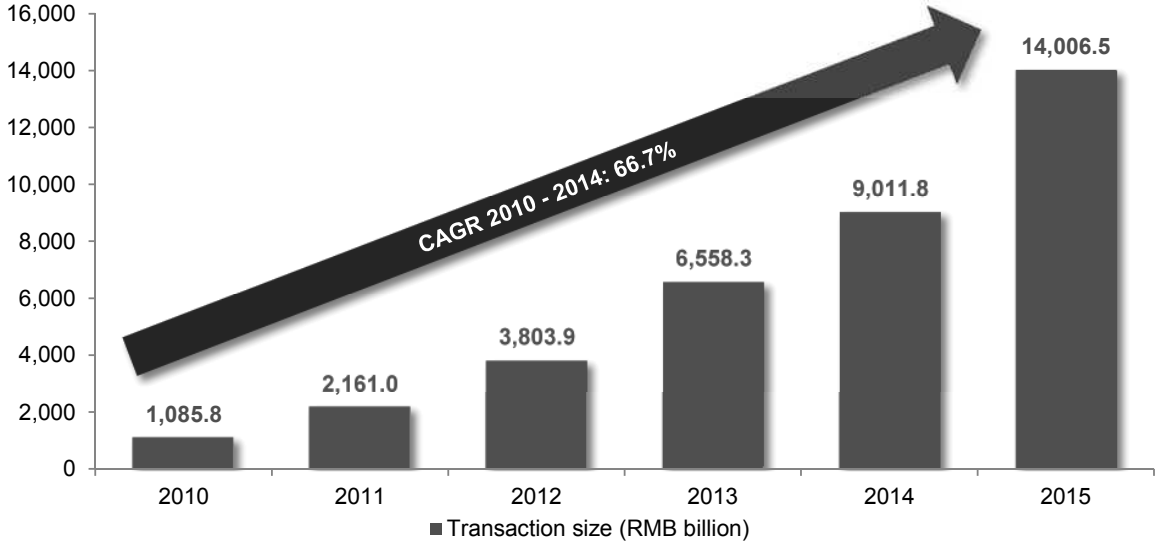
ii. Third-party payment

Instead of the traditional payments via credit or debit cards, third-party payments providers such as Alipay and Tenpay have transformed the way payments are done electronically in China. Notably, Alipay and Tenpay respectively account for 50% and 20% of all online payments in the country[11].

In 2015, the total transaction size of third-party internet payments reached RMB 14.0 trillion, representing a healthy growth of 55.4% from 2014. For the period 2010 to 2015, the transaction size has grown by a CAGR of 66.7%.

[11] In-house research by Analysys

Figure 2-8 Transaction Size of Third-Party Internet Payments in China

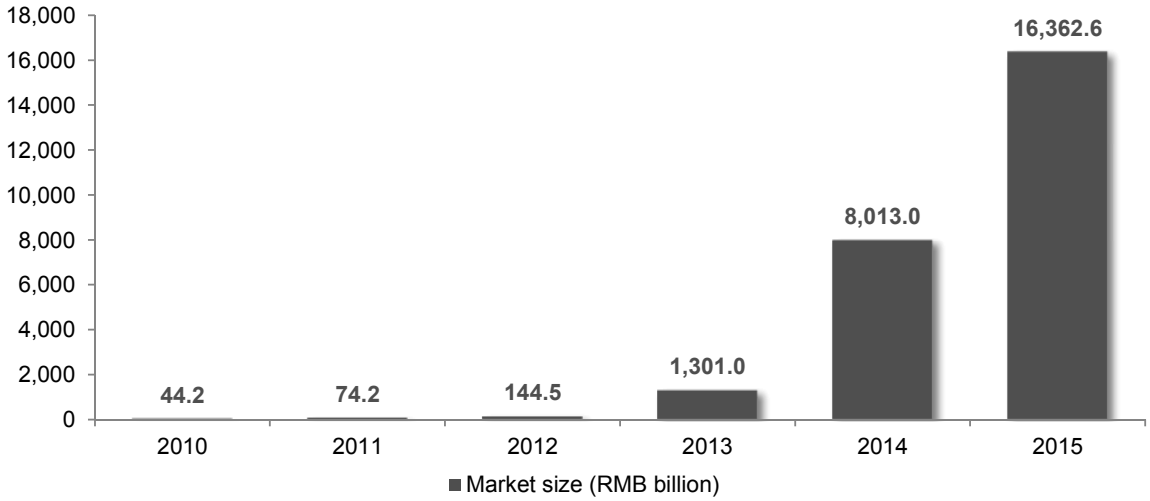


Source: In-house research by Analysys

iii. Mobile payment

China's mobile payments, which are largely done via third-party payment providers, have exhibited an explosive growth since 2013. In 2015, the transaction size of China's third-party mobile payment market reached RMB 16.4 trillion, growing at a substantial rate of over 10 times from 2013. With improving mobile and wireless network across China, we expect the size of China's mobile payments market to continue growing at a relatively high rate, especially in regions outside the first tier-cities.

Figure 2-9 Transaction Size of China's Third-Party Mobile Payments



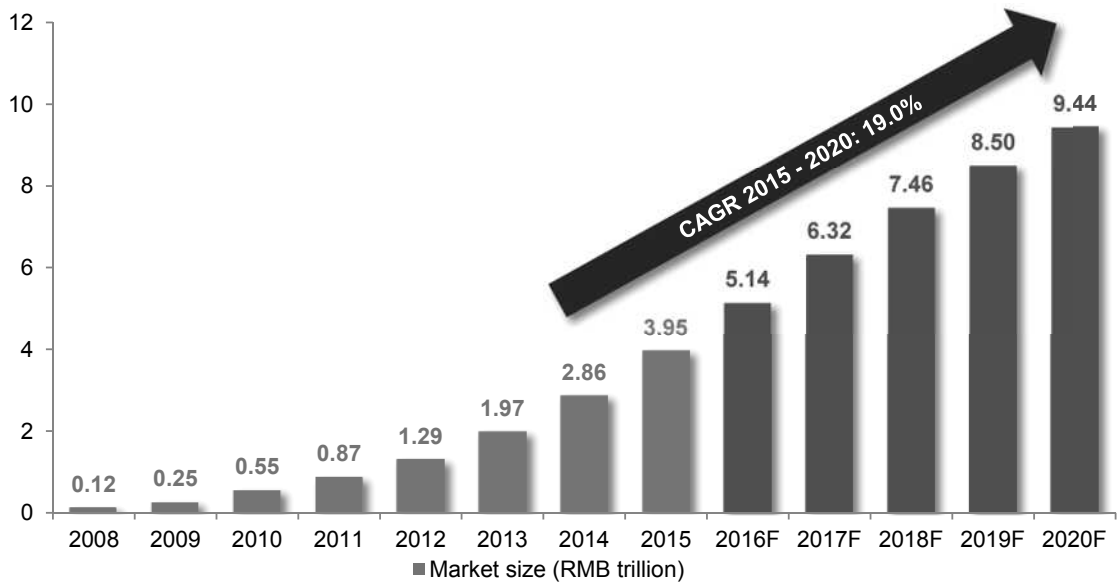
Source: In-house research by Analysys

2.2.3 Market Size

Underpinned by increasing internet penetration and spending power of middle-income families in China, the Chinese e-commerce market has been expanding rapidly. According to the data published by the National Statistics Bureau of China, the total volume of online retail sales in 2015 was approximately RMB3.95 trillion, which represented a significant growth of 100.0% from 2013[12], the year China surpassed the U.S. in terms of total retail e-commerce sales. In our opinion, China will continue to enjoy rapid growth in retail e-commerce sales, with an expected CAGR of 19.0% until 2020. By then, China's retail e-commerce market will more than triple the size of the U.S.' retail e-commerce market.

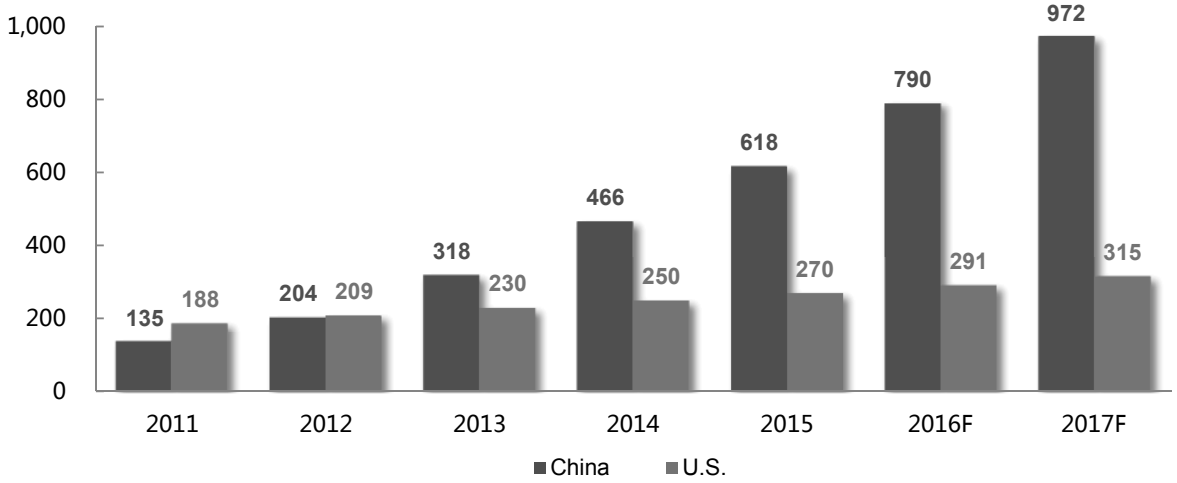
[12] Publicly available data obtained from the official website of National Bureau of Statistics of the People's Republic of China

Figure 2-10 Market Size of China Retail E-Commerce



Source: In-house research by Analysys

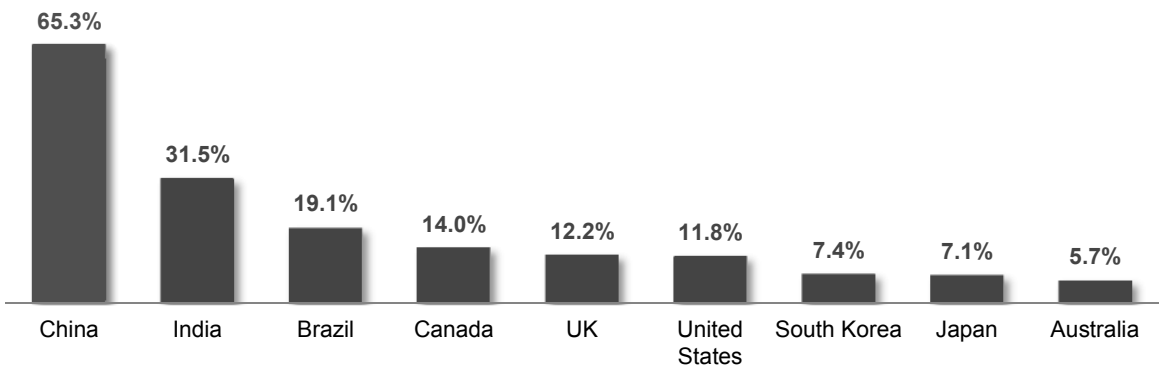
Figure 2-11 Total Retail E-commerce Sales in China and U.S. (USD billion)



Source: In-house research by Analysys

At present, China's retail e-commerce growth is the highest in the world. Driven by its large market size, and recent developments of the e-commerce industry, China's growth far exceeds the rates exhibited by both the developing nations as well as the leading developed countries. In 2014, China's B2C e-commerce sales growth of 65.3% was more than 2 times that of India's and more than 4 times the growth registered by the U.K or the U.S.

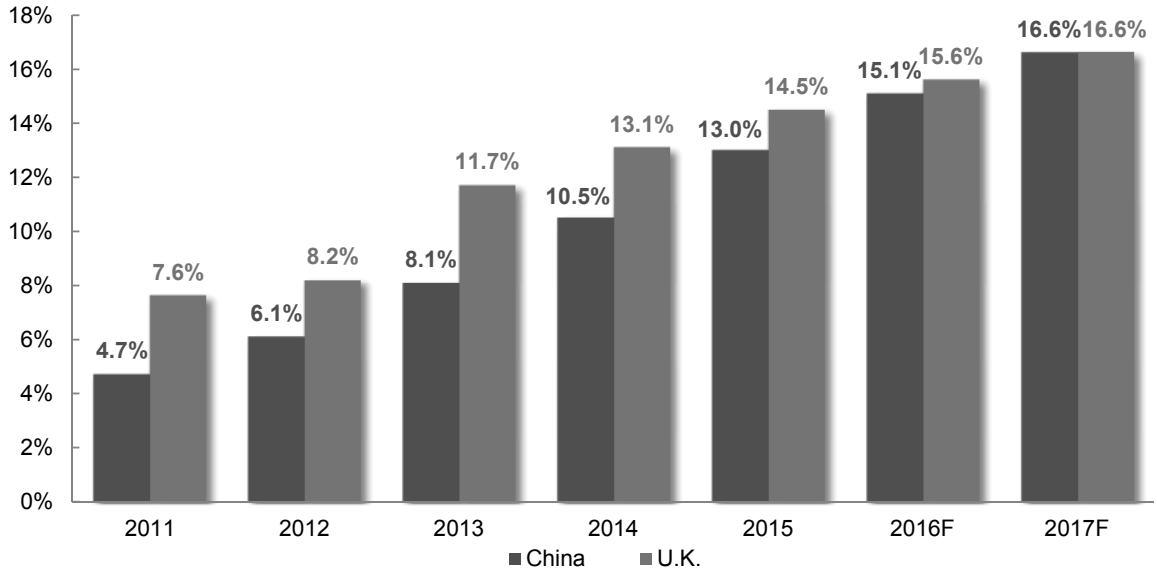
Figure 2-12 B2C E-commerce Sales Growth Rate of Selected Countries in 2014



Source: In-house research by Analysys

The online retail sector has become an important component of China's economy, with the country's proportion of online retail sales to total retail sales of consumer goods rapidly increasing from 1.1% in 2008 to 13.0% in 2015. In our opinion, by 2017, China is expected to catch up with the U.K, currently the world's leading nation in terms of proportion of online retail sales to total retail sales.

Figure 2-13 Proportion of Online Retail Sales to Total Retail Sales

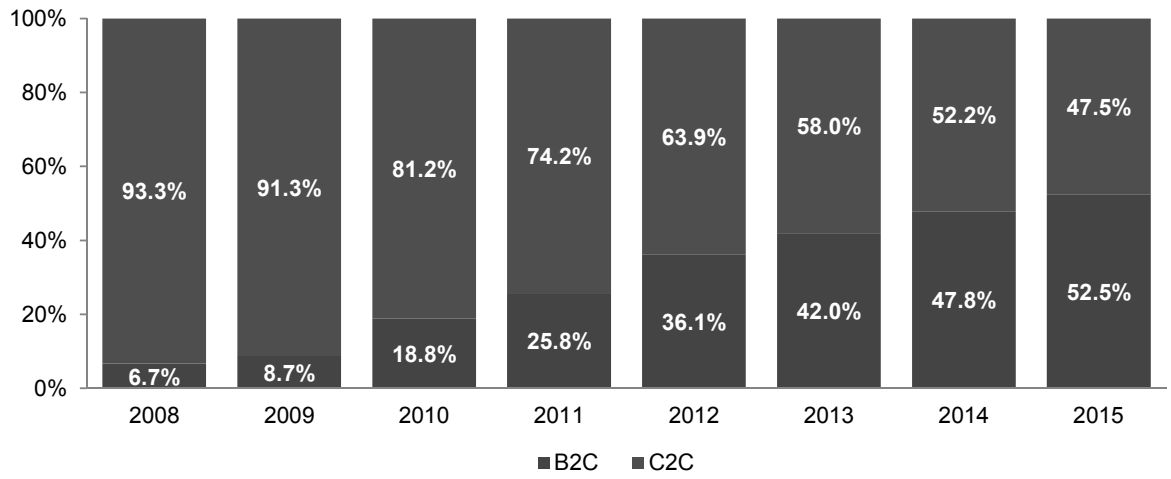


Source: In-house research by Analysys

In terms of contribution by the B2C and C2C sectors, it is noted that China's retail e-commerce market has traditionally been dominated by the C2C sector, which also comprises the SMEs in addition to individuals. However, the pace of development of the Chinese retail e-commerce market has since attracted the larger brands and manufacturers to the market. By 2015, the proportion of the B2C segment has grown significantly to 52.5% from a mere 6.7% in 2008. In 2015, Chinese B2C e-commerce retail sales totalled RMB 2.1 trillion, an increase of 55.0% from 2014. Going forward, we expect the market contribution of B2C e-commerce businesses to

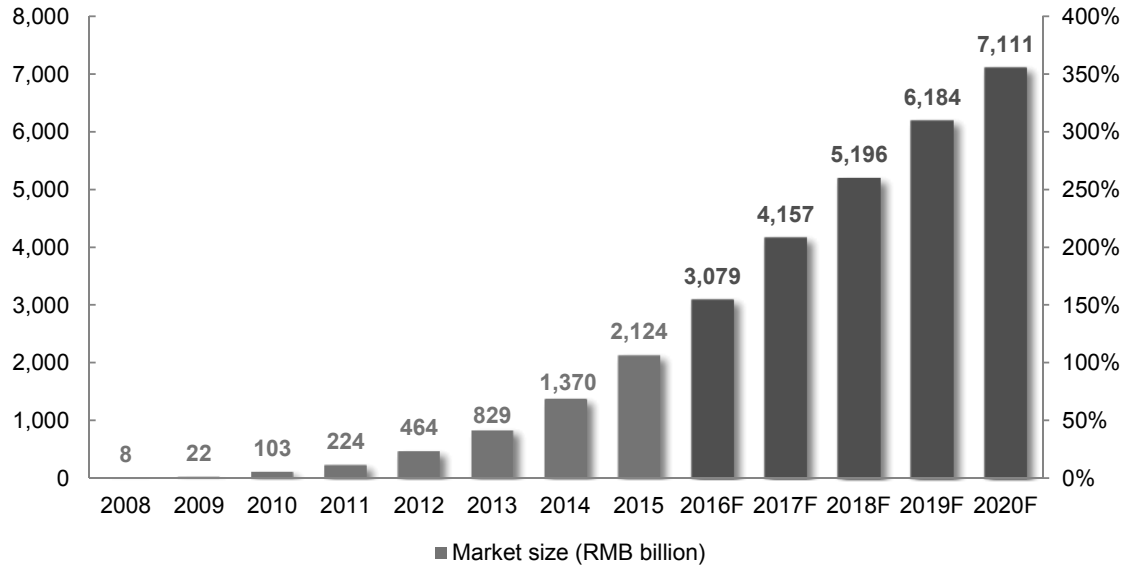
increase, with the retail sales of B2C e-commerce enterprises expected to grow by more than 5 times by end-2020.

Figure 2-14 Chinese Retail E-commerce Breakdown by Business Segment



Source: In-house research by Analysys

Figure 2-15 Market Size of B2C Online Retail Market in China



Source: In-house research by Analysys

2.2.4 Outlook

(a) Emphasis on logistics services

In our opinion, competition amongst e-commerce enterprises will eventually shift from pricing to service quality. With logistics playing an important role in the e-commerce value chain, e-commerce enterprises in China are expected to increase investments in enhancing their distribution capabilities. B2C e-commerce enterprises such as JD will continue to develop its

self-built logistics distribution system. On the other hand, companies such as Alibaba will expand its distribution capabilities through a combination of self-built facilities as well as through strategic partnerships and joint ventures with logistic service providers. Separately, third party logistics companies will also continue to invest in logistic infrastructure in order to secure contracts from e-commerce enterprises.

(b) Intensification of competition

With the recent successful listing of Chinese e-commerce giants such as Jumei, JD, and Alibaba, there are expectations that the financial strength and scale of these enterprises will increasingly dominate the e-commerce market, resulting in financial and operational challenges for the smaller and medium sized e-commerce enterprises.

In addition, some manufacturers have developed and enhanced their own e-commerce capabilities. For instance, companies such as MIUI and Haier have notably established their e-commerce platforms, resulting in a reduced reliance on e-commerce platform providers to market their products. Moreover, manufacturers have the benefit from choosing from an increasing pool of potential e-commerce platform providers. As such, there may be an intensification of competition amongst the e-commerce providers to secure partnerships with manufacturers.

(c) Vertical expansion of business operations

As Chinese retail e-commerce enterprises increasingly recognise the importance of the role held by supporting services such as logistics and payments, it will become increasingly common for e-commerce enterprises to explore opportunities to integrate its business both upstream and downstream. JD has already constructed its own logistics system[13], Vishop.com has acquired local logistics enterprises[14], Alibaba has developed its own payments system Alipay[15], Tmall have begun production of small household appliances[16], and Dangdang has engaged in the printing and publishing of books[17].

(d) Acceleration of O2O

The online and offline retail industries are highly integrated. At present, the online e-commerce market is at a relatively mature phase. However, there remain significant opportunities of growth, as there are expectations that the widespread use of mobile internet and mobile payments will facilitate greater integration of online and offline retail, and drive retail sales growth in China.

[13] JD.com, Inc Prospectus

[14] Vipshop Holdings Ltd Annual Report 2015

[15] Alibaba Group Holding Limited Prospectus

[16] Tmall official website

[17] E-commerce China Dangdang Inc Annual Report 2015

(e) Emphasis on cross-border and rural e-commerce

Chinese e-commerce enterprises have identified growth opportunities in cross-border and rural e-commerce for the years ahead.

At present, China's cross-border retail e-commerce is at a stage of rapid development in China. The trade size of China's cross-border retail exports grew 28% to reach RMB 576.4 billion in 2015[18]. It is expected that the rising influence of overseas listed Chinese e-commerce companies such as Alibaba will raise the profile of the Chinese e-commerce market. Coupled with supportive national policies, there are hopes that the increasing cross-border e-commerce activity will not only directly contribute to the economy's growth, but also, drive the development and growth of the supporting industries such as logistics and warehousing.

In relation to rural e-commerce, e-commerce enterprises are increasingly developing plans to expand into Chinese villages and towns. According to China's 6th Population Census conducted in 2010, there are approximately 679 million people in China's villages and towns, accounting for 48.7% of China's entire total population. At present, the current e-commerce penetration levels in these villages and towns are largely untapped, offering significant growth opportunities for the retail e-commerce industry. Taobao began establishing village service stations since 2013. This was quickly followed by the rapid expansion of JD and Sunning into the more rural markets in 2014.

[18] Publicly available data obtained from official website of National Bureau of Statistics of the People's Republic of China

3. Integrated E-Commerce Services in China

3.1 Overview of China's Integrated E-commerce Services

The rapid development of e-commerce in China has prompted many traditional enterprises, ranging from manufacturers to retailers, to tap into the online markets as one of their business growth strategies.

The Chinese e-commerce platform and transaction services providers, such as Alibaba, are often viewed as enterprises representative of the entire e-commerce industry. However, it is of note that these service providers only form part of the larger e-commerce industry value chain.

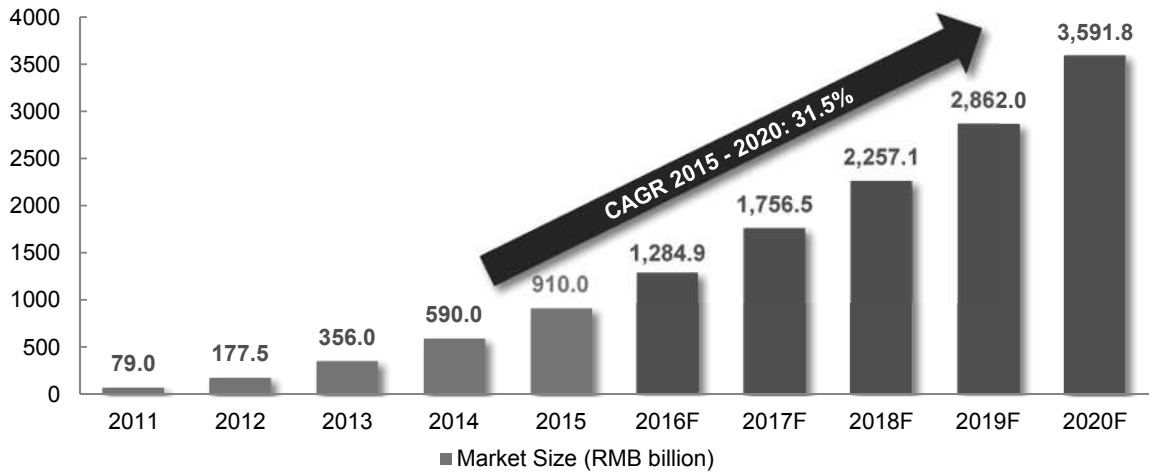
In our opinion, the e-commerce industry may be broken down into 3 major categories:

- **E-commerce transaction services:** E-commerce transaction platforms, etc.
- **E-commerce supporting services:** Payments, logistics, express deliveries, credit authentication, exhibition and media, etc.
- **E-commerce derivative services**: Data service, training and consultation, etc.

As a whole, China's e-commerce industry is expected to continue developing, as well as to continuously transform existing business dynamics. With national strategies such as "Internet Plus" supporting the integration of the internet and traditional industries, we expect the e-commerce business supply chain, in particular the e-commerce supporting and derivative services, to undergo rapid changes.

Notably, the industry size of the e-commerce supporting and derivative services is substantially large. In 2015, the total size of both services in China was RMB 910 billion, growing at a significant rate of 54.2% from 2014. For the period till 2020, we expect the e-commerce industry to grow at a healthy CAGR of 31.5%.

Figure 3-1 Size of China's E-commerce Supporting and Derivative Service Industries



Source: In-house research by Analysys

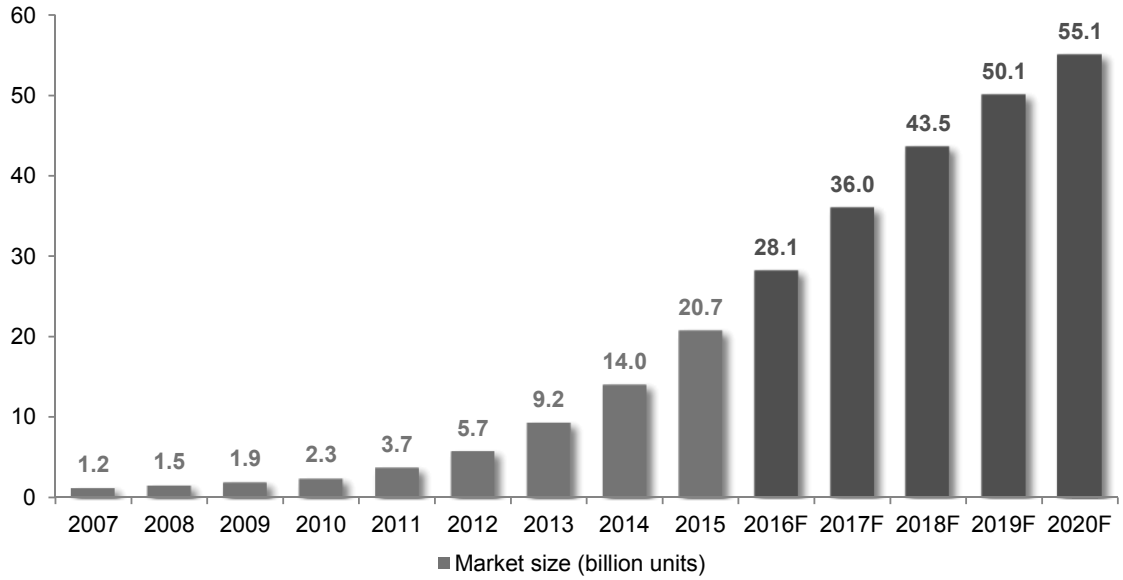
In order to establish an efficient and integrated e-commerce service industry, one of the prerequisites would be the availability of quality support infrastructure, ranging from physical infrastructure such as storage warehousing and logistics delivery, to electronic infrastructure such as payment systems.

In terms of physical infrastructure, China has also seen an emergence of industrial clusters in the form of e-commerce sci-tech parks and e-commerce logistics parks.

3.2 Logistics Distribution

The logistics express delivery sector has been one of the key beneficiaries of China's rapid e-commerce growth. Since 2007, the volume of China's express delivery has grown from a total of 1.2 billion units, to 20.7 billion units in 2015. By 2020, the volume is expected to grow by more than 2.5 times to 55.1 billion, representing a CAGR of 21.6%.

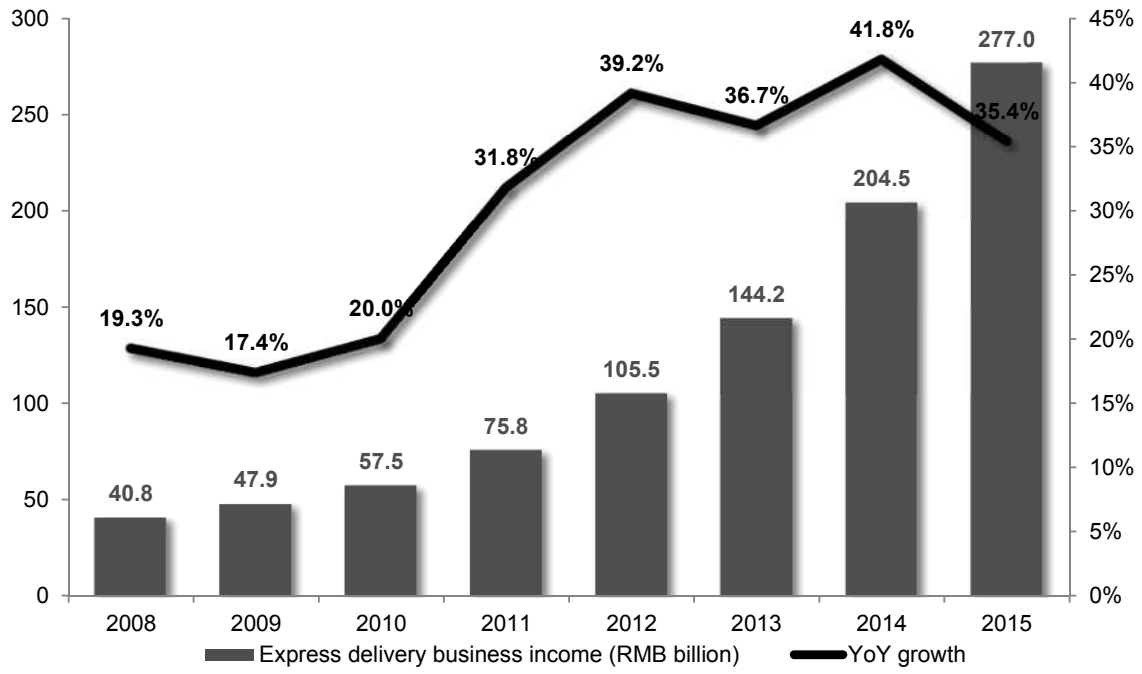
Figure 3-2 Express Delivery Volume in China



Source: "2015 Statistical Communiqué of Development of Postal Industry" published by State Post Bureau in May 2016

In terms of income generation, express delivery exhibited an increasing growth trend since 2007. Notably, the sector registered its highest growth, as well as record revenue of RMB 277.0 billion in 2015.

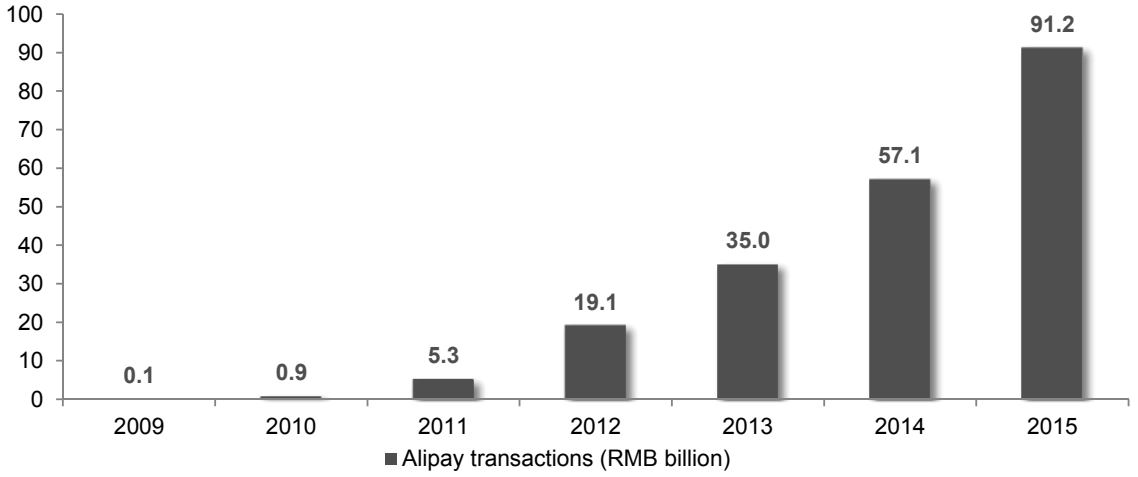
Figure 3-3 Express Delivery Revenue in China



Source: "2015 Statistical Communiqué of Development of Postal Industry" published by State Post Bureau in May 2016

In China, e-commerce manufacturers have increasingly relied on special marketing campaigns which have contributed to spikes in product demand, and a corresponding increase in demand for deliveries. In 2014, Alibaba's "Double Eleven" campaign brought in sales of RMB 57.1 billion via its Alipay service within 24 hours, and generated demand for 278 million express package deliveries. In 2015, the sales grew by a further 59.7%. Such campaigns, including JD's "6-18" and Gome's "Men's Day" have progressively gained popularity over the years, and this trend is expected to continue growing in the near future.

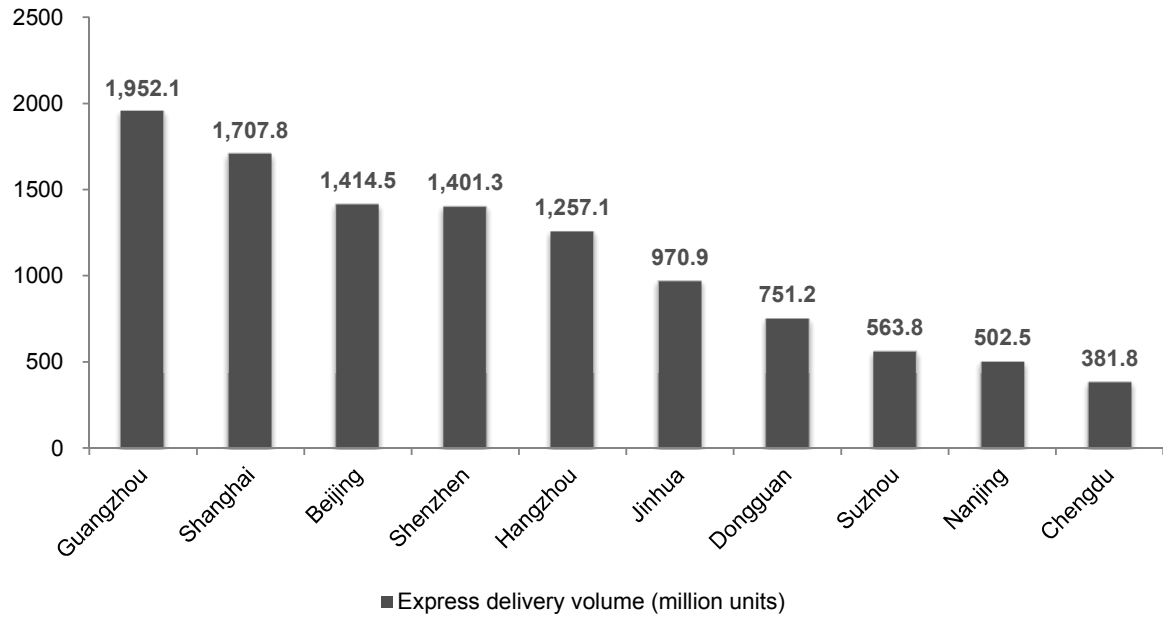
Figure 3-4 Transactions via Alipay for Alibaba's "Double Eleven" Campaign



Source: Alibaba's official website

The level of economic progress, consumption demand, and e-commerce development varies across the various regions of China. Naturally, the more economically developed areas, such as the Pearl River Delta region, Yangtze River Delta region and cities like Beijing, exhibit greater e-commerce activities and correspondingly, higher express delivery volumes. In 2015, Guangzhou, Shanghai and Beijing, Shenzhen and Hangzhou were ranked as the top 5 Chinese cities for express delivery volume.

Figure 3-5 Top 10 Chinese Cities for Express Delivery Volume in 2015

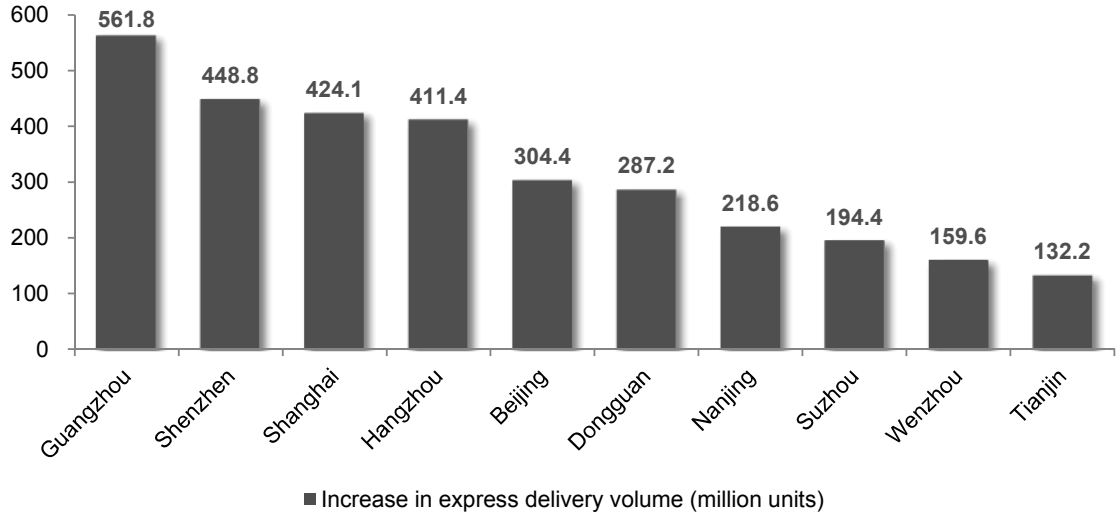


Source: 2015 Statistical Communiqué of Development of Postal Industry" published by State Post Bureau in May 2016

In the same year, Guangzhou was ranked as the city with the highest absolute increase in express delivery volume. Specifically, the city registered an express package growth of 561.8 million units in 2015. This was closely followed by the cities of Shenzhen, Shanghai and Hangzhou, which recorded express package growths of 448.8 million, 424.1 million and 411.4 million respectively. The rest of the cities which complete the top 10 list include Beijing, Dongguan, Nanjing, Suzhou, Wenzhou and Tianjin.

In terms of regions, the Yangtze River Delta area represented by Shanghai, Hangzhou, Nanjing and Suzhou had the largest quantity and highest growth of express package deliveries in 2015.

Figure 3-6 Top 10 Chinese Cities for Increase in Express Delivery Volume in 2015



Source: "2015 Statistical Communiqué of Development of Postal Industry" published by State Post Bureau in May 2016, and "2014 Statistical Communiqué of Development of Postal Industry" published by State Post Bureau in May 2015

3.3 Warehousing

3.3.1 Overview

With the rapid development of e-commerce in China, professional warehouse logistics services increasingly play an instrumental role in determining the success of e-commerce enterprises. Besides the demand for efficient commodity and inventory management, the speed of onsite logistics movement is also highly emphasised. In China, the following are the three primary focus areas of the warehousing sector:

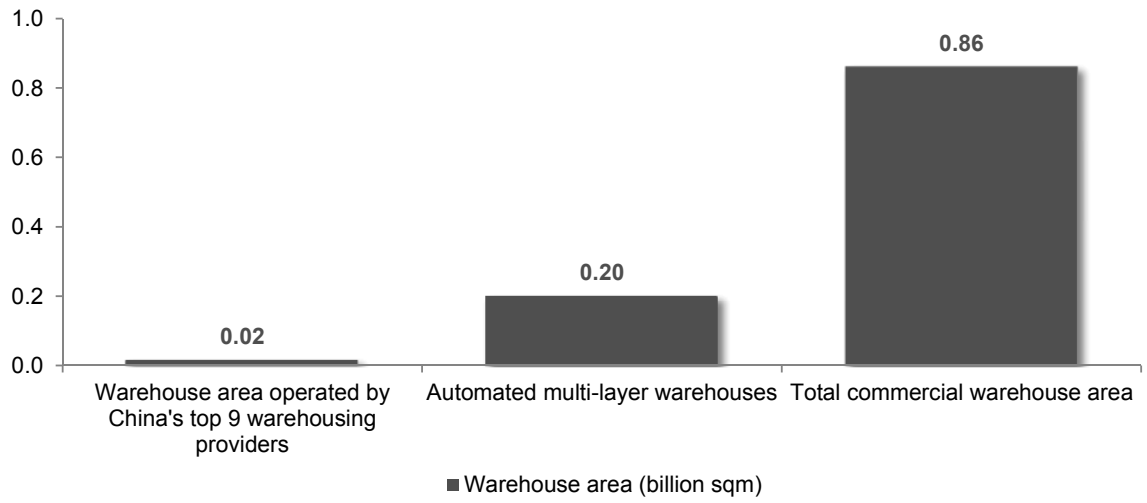
- **Warehouse land:** Land area is a priority for e-commerce warehouse logistics service providers, as sufficient space is required for handling the increasing volume of express deliveries. In addition, space is also required to house the various equipment configurations for the sorting and management of logistics.
- **Warehouse management system:** Warehouse management systems, which may take the forms of process management systems or intelligent information systems, form a pivotal part of warehouse logistics services. These are the systems which determine the flow and movement of goods. With operational and cost efficiencies the key drivers of ensuring competitiveness, warehouse logistics service providers continuously enhance their systems to derive improved delivery speed as well as cost savings.
- **Resource integration:** Through the integration of resources, logistics warehouse service providers seek to enhance their competitiveness by building greater financial strength or by developing operational expertise such as transregional or local delivery

capabilities. Logistics warehouse service providers may undertake complementary services on their own. Otherwise, they form partnerships with companies capable of adding value to their existing business.

At present, there is a shortage of warehouses in China, with the existing supply of warehouses generally of poor quality. With the continued development of e-commerce in China, there are expectations that the supply-demand gap of warehouses may continue to widen. In particular, the Chinese e-commerce industry will drive an increasing demand for warehouses of larger sizes and higher technological capabilities, and notably, this will potentially translate into an overall improvement to the quality of China's logistics warehouses.

In terms of warehousing supply in China, there were a total of 25,000 warehousing enterprises operating a total commercial warehouse area of 860.0 million sqm in 2013. Notably, the warehouse area operated by China's top nine warehousing providers was 15.4 million sqm, accounting for 1.79% of China's total warehousing supply. In addition, the 200 million sqm occupied by automated multi-layer warehouses accounted for 23.3% of the total commercial warehousing supply.[19]

Figure 3-7 2013 Comparison of Warehouse Area in China

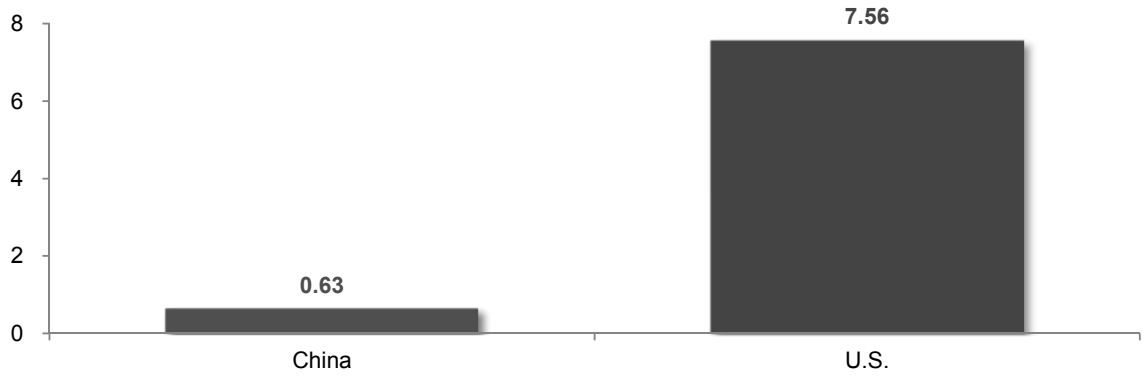


Source: In-house research by Analysys with reference to China Warehousing Industry Development Report 2013 (中国仓储行业发展报告 2013) published by CAWS (China Association of Warehouse and Storage 中国仓储协会 in May 2013,

Despite the potential widening supply-demand gap, China's warehouse supply is expected to gradually increase in the long term. In 2014, China's per capita warehouse area was only 0.63 sqm, which pales in comparison to the U.S.' recorded per capita warehouse area of 7.56 sqm. With China only achieving approximately one twelfth of the U.S.' level, there is strong indication of significant opportunities for future development and growth for China's warehousing sector in the long term.

[19] In-house research by Analysys

Figure 3-8 Per Capita Warehouse Area in 2014 (sqm)



Source: In-house research by Analysys with reference to China Warehousing Industry Development Report 2015 (中国仓储行业发展报告 2015) published by Department of Circulation Industry Development of Ministry of Commerce of PRC 商务部流通业发展司 & CAWS (China Association of Warehouse and Storage 中国仓储协会) in September 2015

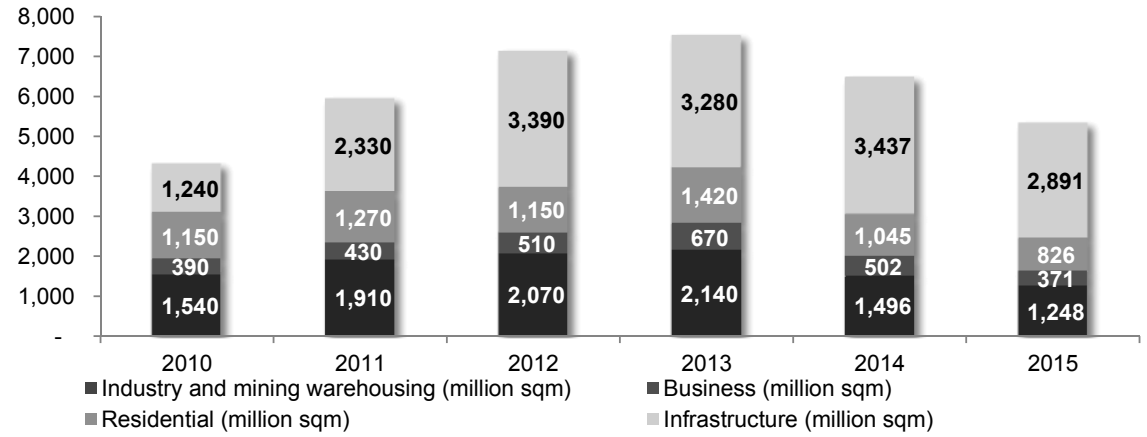
3.3.2 Warehouse Rentals

The huge demand for e-commerce warehousing land coupled with the shortage of high-quality logistics warehousing facilities, are expected to result in increasing rentals for logistics warehousing in the near future.

Based on the *2015 Report on China's Land Resource (2015 中国国土资源公报)* issued by the Ministry of Land and Resources, there has been a tightening of land supply for industrial and mining warehousing purposes.

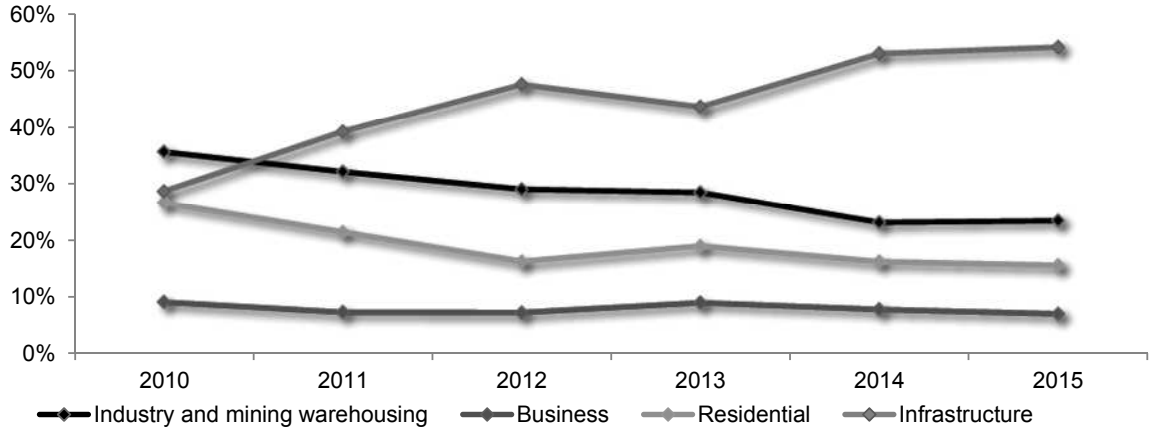
In 2015, the total state-owned construction land supply was 5,336 million sqm. The supply of land for industrial and mining warehousing was 1,248 million sqm, a fall of 16.56% from 2014. In addition, the proportion of industrial and mining warehousing land supply to China's total fell from 28.5% in 2013 to 23.4% in 2015.

Figure 3-9 Land Supply by Usage Type in China



Source: Ministry of Land and Resources, 2015 Report on China's Land Resource, April 2016

Figure 3-10 Proportion of Land Supply in China



Source: Ministry of Land and Resources, 2015 Report on China's Land Resource, April 2016

In recent years, warehouse logistics rental across the globe have largely exhibited a high growth trend. Apart from China, the warehouse logistics rental in the North and South American region has grown at rates above 7%. For the period 2014 to 2017, China is expected to register one of the highest warehouse rental growth rates in the world, with Prologis forecasting a CAGR of 5.7%.

Figure 3-11 Rental Growth for Logistics Warehousing

Region	December 2012 to June 2013	2014 to 2017
North and South America	9%	5.7%
Europe	3%	4.7%
Japan	2%	2.0%
China	8%	5.7%

Source: Entering the Sweet Spot in the Cycle for Logistics Real Estate: An Extended Rental Rate Expansion, by Prologis[20] in September 2013.

In China, the rental growth for warehousing is highest in the key economically developed regions, namely the Beijing-Tianjin-Hebei, Yangtze River Delta, and Pearl River Delta regions.

Amongst these, the Yangtze River Delta region, covering Jiangsu Province, Zhejiang Province and Shanghai Municipal City and represented by cities such as Nanjing, Suzhou, Wuxi, Changzhou, Hangzhou, Jinhua, Ningbo and Yiwu, handles the largest quantity and growth in express packages[21], and as a result, have stronger demands for logistics warehousing. In China, there is strong positive correlation between the size of the e-commerce market and the rental of e-commerce logistics warehouses and its related supporting facilities. Generally recognized as the capital of e-commerce of China, the city of Hangzhou, together with its surrounding cities, are currently experiencing faster growth rates in rentals compared to the other regions in

[20] Prologis, Inc. (NYSE: PLD), is a global owner, operator and developer of industrial real estate

[21] Analysys in-house research with reference to 2015 Statistical Communique of Development of Postal Industry" published by State Post Bureau in May 2016, and 2014 Statistical Communique of Development of Postal Industry" published by State Post Bureau in May 2015

China.[22]

Figure 3-12 Map of Zhejiang

Source: Analysys

Figure 3-13 2014 Warehouse Land Rental of Major Chinese Cities

City	Automated Storage and Retrieval System		Multi-storey Warehouse		Single-storey Warehouse	
	2014 (RMB/sqm/day)	*YoY Growth*	*2014 (RMB/sqm/day)*	*YoY Growth*	*2014 (RMB/sqm/day)*	*YoY Growth*
Beijing	*1.10*	*12%*	*0.55*	*10%*	*0.80*	*14%*
Tianjin	*0.95*	*3%*	*0.40*	*0%*	*0.65*	*8%*
Shanghai	*1.35*	*8%*	*0.80*	*6%*	*0.95*	*15%*
Guangzhou	*1.10*	*12%*	*0.75*	*7%*	*0.85*	*13%*
Shenzhen	*1.33*	*5%*	*0.95*	*6%*	*1.10*	*0%*
Chengdu	*1.00*	*10%*	*0.70*	*4%*	*0.80*	*11%*
Ningbo	*1.00*	*10%*	*0.50*	*7%*	*0.67*	*5%*
Dalian	*1.00*	*11%*	*0.50*	*5%*	*0.70*	*10%*
Shenyang	*0.90*	*6%*	*0.50*	*0%*	*0.75*	*7%*
Hangzhou	*1.20*	*10%*	*0.80*	*15%*	*0.90*	*14%*
Nanjing	*0.80*	*7%*	*0.35*	*0%*	*0.50*	*5%*

Source: Department of Circulation Industry Development of Ministry of Commerce of PRC 商务部流通业发展司 & CAWS (China Association of Warehouse and Storage 中国仓储协会), China Warehousing Industry Development Report 2015 (中国仓储行业发展报告 2015) published in September 2015.

[22] in-house research by Analysys with reference to China Warehousing Industry Development Report 2015 (中国仓储行业发展报告 2015) published by Department of Circulation Industry Development of Ministry of Commerce of PRC 商务部流通业发展司 & CAWS (China Association of Warehouse and Storage 中国仓储协会) in September 2015

3.3.3 Outlook

(a) Focus on modern logistics and warehousing

Since the issuance of the *Suggestions on Policies and Measures for Promoting the Sound Development of Logistics Industry* by the Chinese State Council in 2011, a number of national policies supporting the development of the logistics industry have successfully rolled out in China. Notably in June 2014, the Chinese State Council implemented the *Medium-Term and Long-Term Planning for the Development of Logistics*, through which it emphasised the use of logistics for key sectors such as agricultural, manufacturing and supply chain. More importantly, it proposed the establishment of modern logistics and warehousing by 2020.

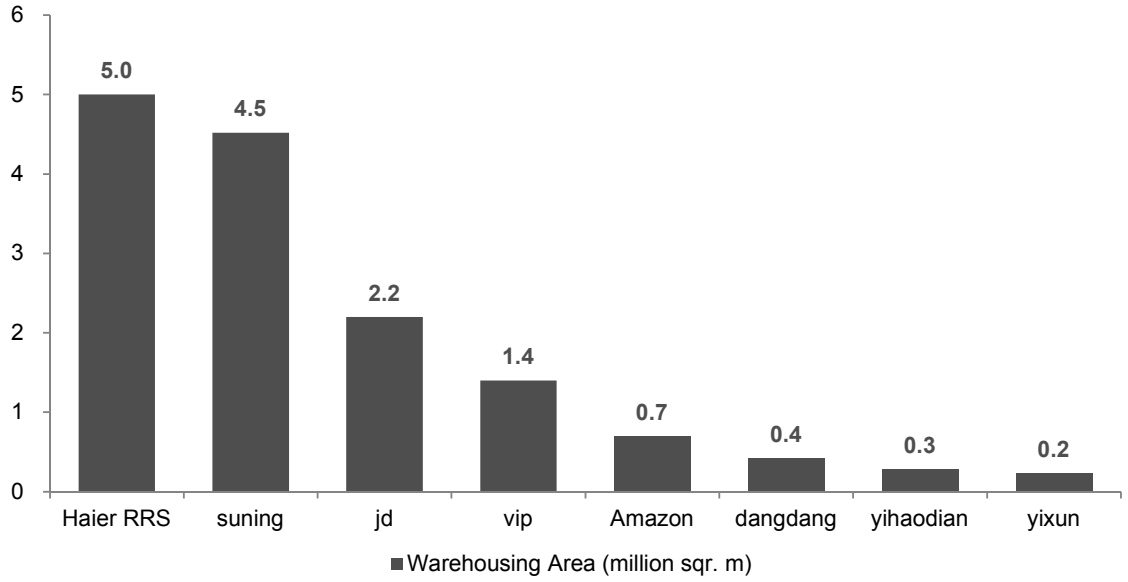
Figure 3-15 Issued Policies on China's Logistics Industry

Date	Issued Policy	Issuing Unit
May 2013	*Notice on Printing and Distributing Work-Division Scheme for Major Departments to Deepen Circulation System Reform and Accelerate Circulation Industry Development*	General Office of the State Council
June 2013	*Guiding Opinions on Transportation Promoting the Sound Development of Logistics Industry*	Ministry of Transport
September 2013	*Notice on Printing and Distributing Development Planning for National Logistics Park*	National Development and Reform Commission
March 2014	*Notice on Printing and Distributing 2014 Working Focus of Circulation Industry Development*	General Office of Commerce Department
June 2014	*Medium-Term and Long-Term Planning for the Development of Logistics*	General Office of the State Council

(b) Increase in self-built e-commerce logistics warehouses

Domestic e-commerce enterprises have largely relied on third-party logistics providers for warehousing solutions as they do not have the financial strength to develop self-built logistics warehouse. However, with the long term accumulation of cash for the successful enterprises, as well as more e-commerce enterprises tapping the capital markets for financing, an increasing number of e-commerce enterprises are financially well positioned to develop their own self-built logistics warehouses. Already, domestic players such as Sunning have successfully established their own self-built distribution channels and logistics warehouses.

Figure 3-16 2015 Warehousing Area of Major E-commerce Companies



Source: In-house research by Analysys

Figure 3-17 Logistics System of E-commerce Enterprises

Enterprise	Warehouse
Yhd (1 号店)	▪ Approximately 280,000 sqm of warehouse area across Beijing, Shanghai, Wuhan, Chengdu and Guangzhou.
JD	▪ Total warehouse area exceeds 2.2 million sqm
Suning	▪ 10 originating warehouses, supported by approximately 60 logistics bases and over 1700 physical stores.
Amazon (Z.cn)	▪ 15 operating centers in China with total warehouse area exceeding 700,000 sqm. At present, the Chinese warehouse network is the largest for Amazon outside America.
Dangdang	▪ 20 logistics centers in 11 cities across China with the total warehouse area exceeding 420,000 sqm.
Vipshop	▪ Approximately 1.4 million sqm of warehouse in China.
Yixun	▪ Total warehouse area of 230,000 sqm.
Alibaba	▪ Has established branch warehouses in 52 cities across China.
Haier RRS	▪ Total warehouse area exceeds 5 million sqm.

Source: In-house research by Analysys

3.4 Integrated E-commerce Parks

One of the major trends in China's e-commerce space is the emergence of industrial clustering. Specifically, e-commerce industrial clustering largely exists in the form of integrated e-commerce parks, where e-commerce related resources, high-quality purpose-built infrastructure, and supporting facilities are concentrated within a single area to support the provision of e-commerce services including warehousing and distribution. Also commonly known as e-commerce sci-tech parks or e-commerce logistics parks, these parks have since exceeded over 500 across China, with a large number situated in cities such as Shanghai, Hangzhou, Guangzhou, Shenzhen, Yiwu, Xiamen and Chengdu.

Apart from the e-commerce logistics, warehousing and distribution service providers, these e-commerce parks typically also house e-commerce enterprises across offices within the cluster. Increasingly, e-commerce parks also feature facilities for ancillary services such as exhibition areas, as well as industry specific educational and training facilities, and has grown into an area for e-commerce communities to congregate and trade.

The geographical proximity to other firms in the industry such as logistics companies, outsourced operating companies and training agencies promotes greater resource optimization and operational efficiency, resulting in significant economic advantages for the companies situated within the e-commerce parks:

a) Economies of scope

Transportation companies only collect revenue for loaded moves, and as a result, they tend to charge higher transportation costs for deliveries into areas where little load originates for the return trip. For industry clusters such as China's integrated e-commerce parks, the large volume of goods moving into and out of the parks allows transportation companies to carry full loads for trips in and out of the parks. As such, these transportation companies, ranging from truck to shipping and railway deliveries, tend to charge lower transportation fees for companies operating within the e-commerce parks.

b) Economies of scale

With the higher volume of goods, companies within e-commerce parks stand to benefit from greater economies of scale in the form of lower processing and operational costs. Specifically, logistics firms have the opportunity to operate larger equipments at a lower cost per unit, as compared to smaller equipments. Likewise, transport operators serving the e-commerce parks can utilize larger delivery vehicles while warehousing providers can operate larger storage spaces on a cheaper per unit cost basis.

In addition to both economies of scope and scale, e-commerce enterprises operating in

e-commerce parks also have the opportunity to focus on its core business while relying on the specialized logistics providers situated in the vicinity for logistics and warehousing services, giving rise to the optimization of resources and a likely reduction in operational costs.

Furthermore, besides the potential cost savings, enterprises situated within integrated e-commerce parks are able to derive a significant number of non-economical advantages such as greater operational flexibility, distribution efficiency, as well as increased productivity from knowledge sharing.

a) Operational flexibility

Enterprises located within e-commerce parks tend to enjoy greater operational flexibility in dealing with fluctuations in business volume. Specifically in relation to warehousing, enterprises in e-commerce parks have ready access to a network of both warehouse providers and users that support their warehousing expansion or downsizing needs. During periods of strong seasonal demand or new product launches, enterprises in the e-commerce park may lease additional warehousing space from any of the providers within the e-commerce parks, without needing to undertake the costly option of moving to a distant geographical location. On the other hand, during periods of low demand, enterprises may choose to sub-lease their existing warehouse space, on a short term basis, to other enterprises in the vicinity that are expecting a surge in business demand. Ultimately, the enterprises are able to capitalise on opportunities to expand its operations, and also maintain the flexibility to reduce operational cost during down-cycle periods.

Furthermore, within e-commerce parks, the increasing use of data sharing between suppliers and e-commerce businesses allows better tracking of inventory levels, and helps lower the operational risks for e-commerce enterprises. In particular, these e-commerce enterprises benefit from the ability to ensure a sustainable business operation, with the ability to cope with peak demand during key promotional campaigns, or periods such as Double Eleven and New Year's Day.

b) Distribution efficiency

As more enterprises join the e-commerce cluster or parks, the distribution efficiency improves as the distance between the pickup (or delivery) locations shortens. This increases the efficiency of the "first mile" and "last mile" portion of each trip, which are typically the most expensive part of delivery services. This allows transportation companies to charge lesser for serving the clusters, thereby attracting even more companies to the clusters or parks, and in turn, further increase the distribution efficiency of transportation deliveries.

c) Knowledge sharing

Enterprises located within clusters stand to gain from potential resource sharing initiatives. Essentially, the clustering of firms from the same industry helps create a community which encourages the sharing of knowledge and know-how. Typically, such an environment promotes upgrading and transformation, as well as the development of local labour pools with specialised

skill sets related to the industry cluster. As a result, enterprises in the area tend to benefit from improvements in productivity as well as an accelerated pace of innovation compared to the traditional enterprises located outside the clusters.

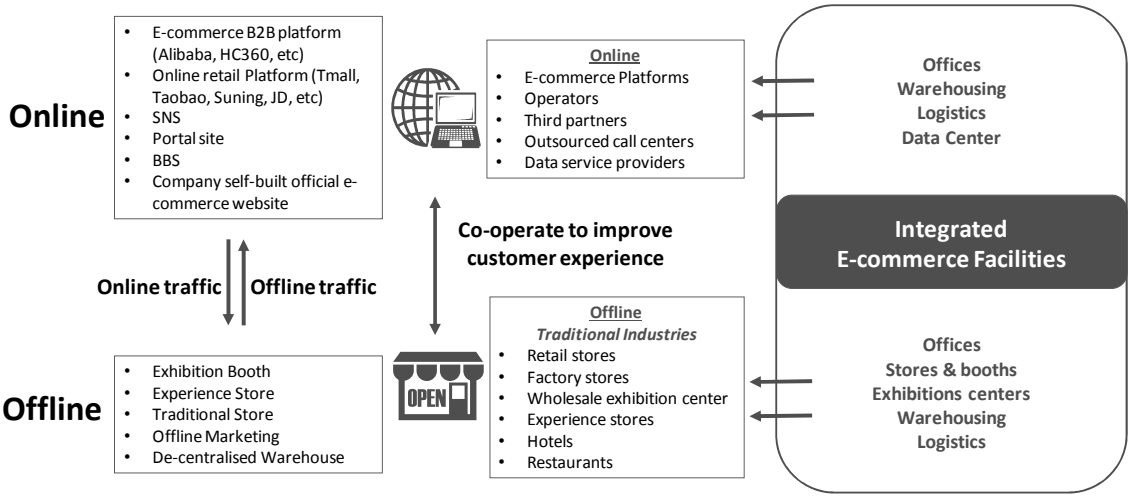
d) Preferential government policies

In China, many e-commerce parks have been developed as a result of supportive governmental policies. In particular, sectors such as logistics and e-commerce are viewed as critical sectors capable of driving economic growth and job opportunities. Moreover, these sectors typically also encourage talent development and training. As such, these sectors tend to attract significant attention and investments from the government, with many enterprises attracted to the e-commerce parks as a result of preferential subsidies. Notably, the Opinions on Efforts to Develop E-Commerce for Accelerating Cultivation of a New Economic Driving Force (关于大力发展电子商务加快培育经济新动力的意见) published by the Chinese State Council (国务院) in May 2015 encourages the development of e-commerce parks. The regional governments have also announced polices such as rent subsidies and funding for e-commerce entrepreneurship activities.

e) Fostering the development of O2O

While O2O largely refers to “Online to Offline” business strategies focussed on the drawing of potential customers from online channels to physical stores, there is also an increasing focus on “Offline to Online” initiatives which encourage customers to find products or services offline before paying for them online. Integrated e-commerce parks, with facilities ranging from offices, warehouses, logistics, and data centres, to stores and exhibition centres, are able to foster the development of O2O initiatives by bringing about synergistic benefits, and contribute to the development and integration of both the online and offline businesses.

Figure 3-18 O2O Development Supported by Integrated E-Commerce Facilities



Source: In-house research by Analysys

As China's online e-commerce services continue to expand in their coverage, the offline exhibition and display centres have become complementary platforms for enhancing a company's branding and recognition. More importantly, it also allows e-commerce businesses to allow consumers to experience actual goods and technological services which cannot be appropriately represented online. As such, e-commerce companies situated within e-commerce parks stand to benefit from the ready access to the nearby facilities to showcase its products and services.

In summary, the industrial clustering effects benefit enterprises through the sharing of resources, information, knowledge and policies, as well as help drive a reduction in administration expenses, labour, warehousing and logistics costs. In our opinion, in the case of casual wear retailers, the use of resource sharing and outsourcing of certain logistics services within e-commerce clusters can help reduce logistics cost by over 10%, and administration and labour cost by more than 30%.

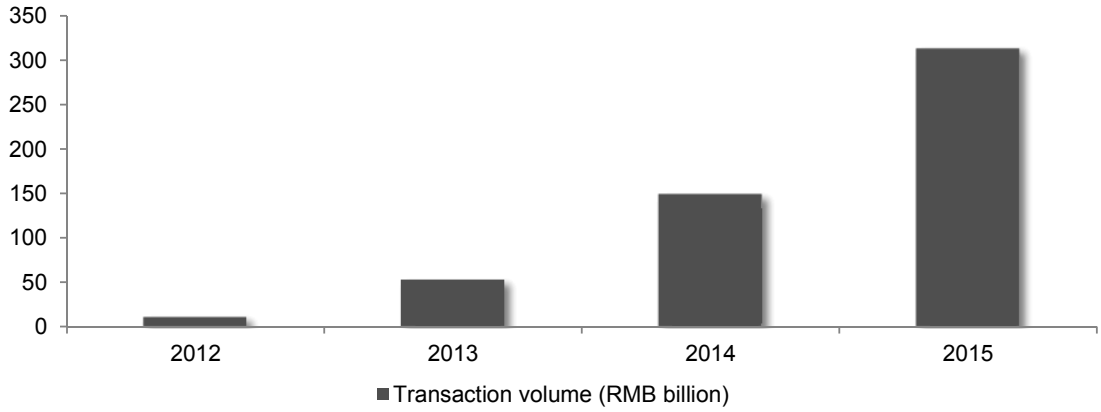
Aside from the potential greater operational flexibility and distribution efficiency, such clusters typically also offer a full suite of services that help e-commerce start-ups address operational risk concerns.

Essentially, these economic and non-economic benefits have driven an increase in demand from enterprises seeking opportunities to operate in integrated e-commerce parks or clusters. This has resulted in a stronger bargaining power for physical facilities providers to charge higher rentals for warehousing and office spaces. In particular, there is substantial demand for high quality facilities, and integrated e-commerce parks with high standard warehousing resources and strong supporting infrastructure have the tendency to attract high quality enterprises that are willing to pay higher rentals for space in the parks.

3.5 E-commerce Ecosphere

The transaction volume of China's online industrial belt has rapidly expanded since 2012, largely driven by the rapid development of e-commerce, as well as the formation of an increasing number of e-commerce industrial clusters. According to our in-house research, the annual transaction volume growth for China's online industrial belt exceeded 100% in 2015. In terms of ranking by number of online industrial belts, the Zhejiang Province ranks first, followed by Guangdong Province, Fujian Province, Jiangsu Province, and Henan Province. In terms of business volume, Zhejiang Zhili, Zhejiang Cangnan, Fujian Shishi, Guangdong Foshan, and Guangdong Humen are the top industrial belts in China.

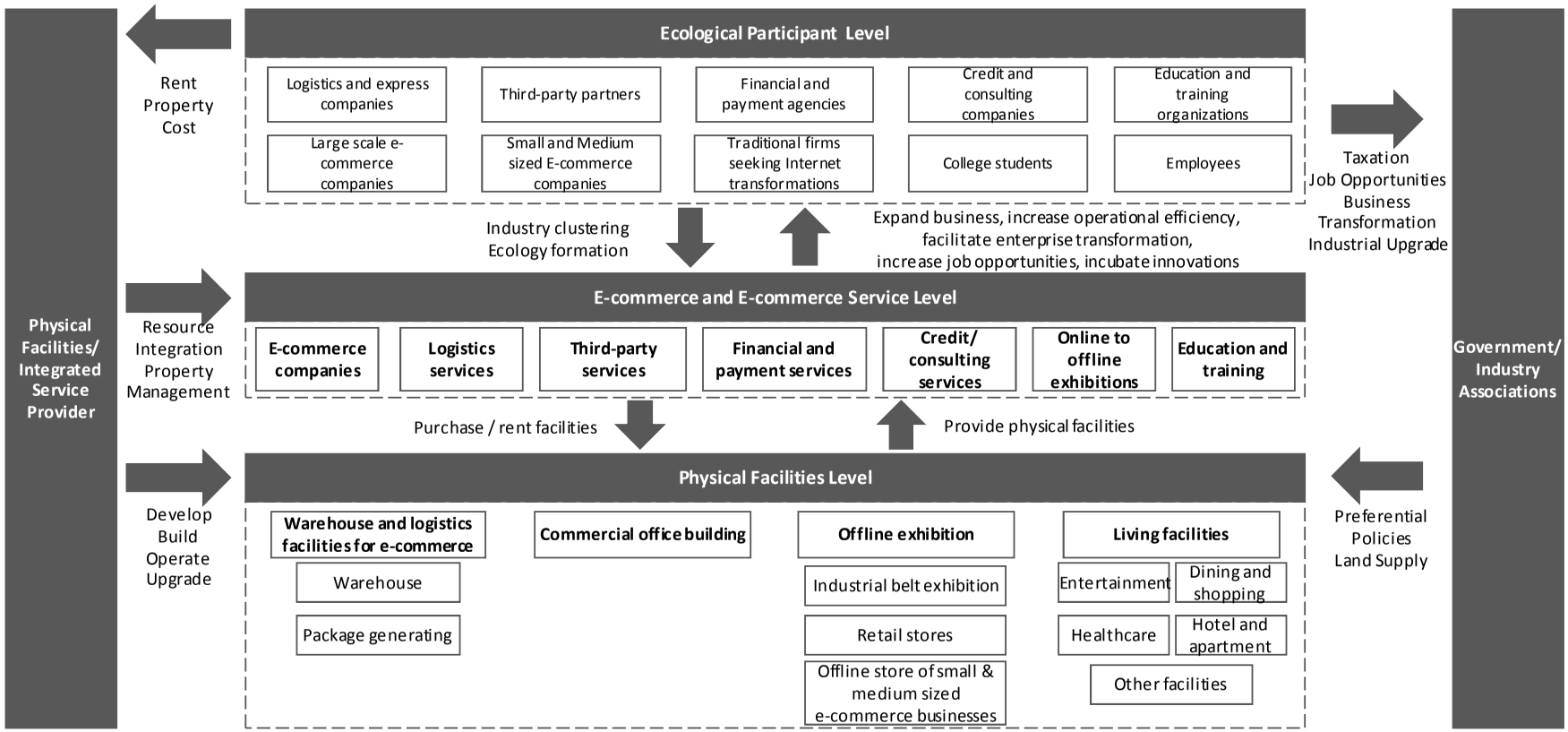
Figure 3-19 Transaction Volume of China's Online Industrial Belt



Source: In-house research by Analysys

Specifically, the growth of the online industrial belt and the development of e-commerce clusters have contributed to the formation of a growing e-commerce ecosphere in China. Covering more than just e-commerce business channels, warehousing and logistics services, as well as offline exhibition centres, the e-commerce ecosphere also comprises supporting services such as financial payment and credit, data management, entrepreneurship development, innovation incubator, as well as business consultation and training. Essentially, within the e-commerce ecosphere landscape, the constant circulation of information and sharing of resources help bring about enhanced efficiencies and the creation of new business opportunities.

Figure 3-20 E-commerce Ecosphere Landscape



Source: In-house research by Analysys

The boom in the e-commerce industry and e-commerce service industry has led to an increase in demand for integrated e-commerce hubs with facilities such as administrative centres, warehouse and distribution centres, online to offline exhibition centres and consulting and training centres. Such e-commerce ecosystem helps improves efficiency as the services required in the entire e-commerce end-to-end value chain can be found and shared in one location, boosting the competitiveness of the e-commerce entrepreneurs as shorter turnaround times can be achieved.

Notably, the e-commerce ecosphere has also extended to include the development of living and lifestyle facilities, a large part arising in the surrounding vicinity of e-commerce parks. With further development of the e-commerce industry, the expected increase in e-commerce businesses and industry professionals will drive an increase in demand for supporting facilities, especially in areas near e-commerce activities.

- Commercial service - food & beverage outlets, retail stores, banks, marketplaces
- Accommodation - hotels, apartments, dormitories
- Leisure and entertainment - sport facilities, cultural activities centres
- Medical treatment and public health - hospital and community clinics
- Educational services - kindergartens, elementary schools and secondary schools

Innovation and Entrepreneurial Incubator

With the growth of e-commerce, the e-commerce innovation and entrepreneurial incubator has gradually emerged to encourage e-commerce entrepreneurship start-ups, promote talent development of e-commerce professionals, as well as to incubate and develop new e-commerce business ideas and projects.

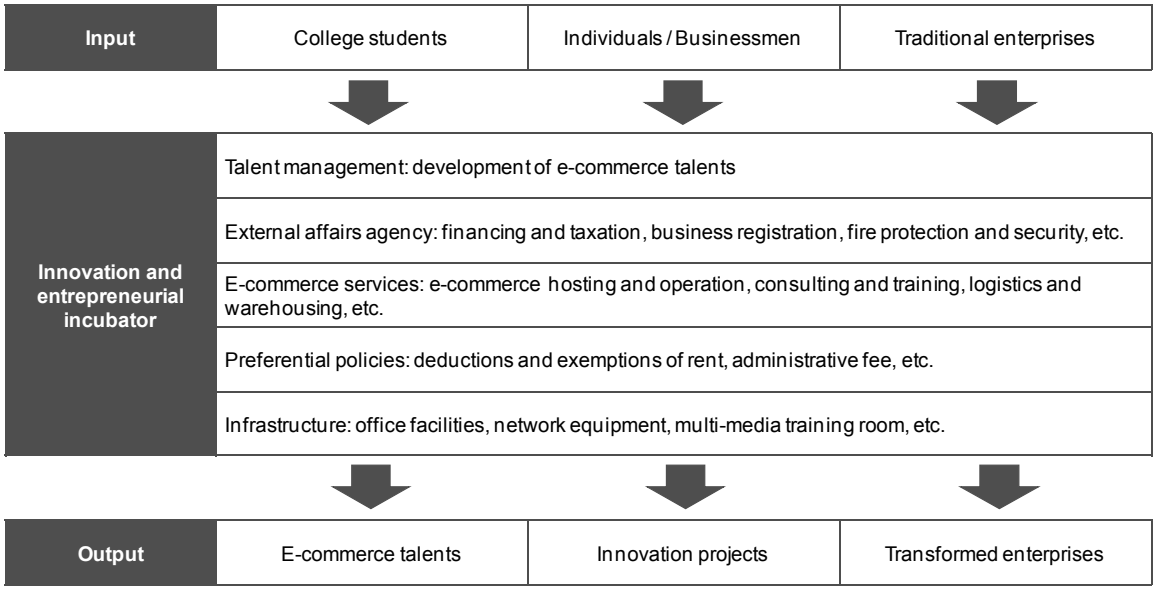
The key objectives of e-commerce innovation and entrepreneurial incubators are to:

- **Provide practical training, employment and entrepreneurial guidance for college students:** Through partnerships with e-commerce enterprises and colleges, e-commerce innovation and entrepreneurial incubators seek to offer practical training to help students develop the necessary skills for employment in the e-commerce sector. Additionally, colleges interested in starting their own e-commerce start-ups are able to gain valuable exposure via entrepreneurial courses, as well as through tours and internship stints with e-commerce enterprises. In many cases, students also have the opportunity to work on entrepreneurship projects in partnerships with e-commerce enterprises, and have access to practical teaching venues such as simulation training rooms, entrepreneurship studios, as well as product research and development facilities.
- **Support individuals and businessmen in e-commerce entrepreneurship initiatives:** Individuals keen on engaging e-commerce entrepreneurship start-ups typically face challenges such as a shortage of capital, resources, and talents. As such, innovation and entrepreneurial incubators generally focus on providing supporting services such as the following:

- Preferential policies for attracting investment, such as deductions and exemptions of rentals and administrative fees
- Development of e-commerce talents
- Liaison with external agency services such as financing, taxation, business registration, fire protection and security
- Support for e-commerce services including logistics resource management, marketing, consulting and training, investment and financing

- **Transform business operations of traditional enterprises:** Innovation and entrepreneurial incubators essentially seek to help traditional enterprises accelerate the rate of adopting technological advancements and e-commerce initiatives. Aside from offering free training to educate such businesses, the incubators also serve to provide assistance to help such enterprises set up key infrastructure such as business consultation centres, network service centres, talent service centres, e-commerce logistics service centres, as well as investments and financing centres, amongst others.

Figure 3-21 E-commerce Innovation and Entrepreneurial Incubator



Source: In-house research by Analysys

While the quantity and scale of such incubators have grown, resulting in greater employment opportunities and e-commerce business offerings, it is of note that there remains significant room of improvement with regard to the linkages and cooperation between the various professionals across the e-commerce value chain. As e-commerce continues to grow in China, greater attention will be placed to ensure better coordination and efficiencies between the business operation, technology, marketing and supply chain management.

4. Major E-Commerce Logistics Providers

4.1 E.C. World Hangzhou of Forchn Group

4.1.1 Overview

Established in 1992 and headquartered in Pudong New District of Shanghai, Forchn Holdings Group ("Forchn") is a diversified enterprise group with businesses operating in industrial, logistics & supply chain service, e-commerce, real estate and asset management sectors, and some of the key subsidiaries / affiliated companies of Forchn are listed as follows.

Name of Subsidiary / Affiliated Company of Forchn Holding		Group's Interest (Effective)	Sector engaged
Chinese Name	English Name		
富春投资（新加坡）私人有限公司	Forchn Investments (Singapore) Pte. Ltd.	100.0%	Equity management
上海富春投资有限公司	Shanghai Forchn investment Co., Ltd.	100.0%	Equity management
运通网城资产管理私人有限公司	EC World Asset Management Pte. Ltd.	100.0%	Asset management
上海富春建业科技股份有限公司	Shanghai Forchn Jianye Building Technologies Co., Ltd.	50.4%	Industrial
杭州富港供应链有限公司	Hangzhou Fu Gang Supply Chain Co., Ltd	100.0%	Supply chain management
富春物流有限公司	Forchn Logistics Co., Ltd	100.0%	Logistics
杭州余杭崇广物流基地有限公司	Hangzhou Yuhang Chongguang Logistics Co., Ltd	51.0%	Logistics
上海富森置业投资有限公司	Shanghai Fusen Real Estate Investment Co., Ltd	100.0%	Contract construction
运通网络科技有限	Yuntong NetworkTechnology Co.,	100.0%	E-commerce

Name of Subsidiary / Affiliated Company of Forchn Holding		Group's Interest (Effective)	Sector engaged
Chinese Name	English Name		
公司	Ltd		
网赢科技有限公司	Wangying Technology Co., Ltd	100.0%	E-commerce logistics
创富春天电子商务有限公司	Chuangfu Spring E-Commerce Co., Ltd	100.0%	E-commerce
浙江景林投资管理有限公司	Zhejiang Jinglin Investment Management Co., Ltd	100.0%	Equity management
上海富盛浙工建材有限公司	Shanghai Fusheng Zhegong building Material Co., Ltd	50.42%	Industrial
上海富春运输有限公司	Shanghai Forchn Transportation Co., Ltd	50.42%	Logistics
杭州加气新型建材有限公司	Hangzhou New Aerated Building Material Co., Ltd	37.86%	Industrial
杭州泽通建筑节能新材料有限公司	Hangzhou Zetong Energy Saving Building Material Co., Ltd	50.42%	Industrial
杭州张小泉集团有限公司	Zhangxiaoquan Group Co., Ltd	58.0%	Industrial
上海张小泉刀剪总店有限公司	Shanghai Zhangxiaoquan Scissors Store Co., Ltd	92.0%	Retail
运通网城资产管理有限公司	Yuntong Property Management Co., Ltd.	100.0%	Property management
浙商建业有限公司	Oriental Merchant Co., Ltd.	49.0%	Real estate

Name of Subsidiary / Affiliated Company of Forchn Holding		Group's Interest (Effective)	Sector engaged
Chinese Name	English Name		
网赢供应链有限公司	Wangying Supply Chain Co., Ltd	100.0%	Supply chain management
杭州富港供应链有限公司（增加）	Hangzhou Fu Gang Supply Chain Co., Ltd	100%	Port logistics and supply chain management
浙江运通电子商务有限公司	Zhejiang Yuntong E-Commerce Co., Ltd	100.0%	E-commerce
杭州富阳杭加新型建材有限公司	Hangzhou Fuyang Hangjia New Building Material Co., Ltd	37.86%	Industrial
杭州张小泉实业发展有限公司	Hangzhou Zhangxiaoquan Industrial Development Co., Ltd	58.0%	Industrial
浙江富洲电子商务有限公司	Zhejiang Fu Zhou E-Commerce Co., Ltd.	58.0%	E-commerce
浙江富洲物流有限公司	Zhejiang Fu Zhou Logistics Co., Ltd.	58.0%	Logistics
上海张小泉刀剪制造有限公司	Shanghai Zhangxiaoquan Manufactory Co., Ltd.	92.0%	Industrial
杭州网赢物业服务有限公司	Hangzhou Wangying Property Service Co., Ltd.	100.0%	Property management
富阳运同电子商务有限公司	Hangzhou Fuyang Yunton E-Commerce Co., Ltd.	100.0%	E-commerce logistics

Source: Forchn Holdings Group Co., Ltd

Forchn is also an established operator of port facilities and other logistics properties in China with over 20 years of experience. The Chongxian port facility, which was constructed and operated by Forchn, has been recognised as a key project by the PRC Government at both provincial and national levels. Forchn, through its partnership with Fosun Group (复星集团), has

also established its presence in the area of property management.

In recent years, Forchn has adopted a unique integrated e-commerce business model that enhances the competitive advantages of its industrial, warehousing and port logistics properties. In addition, Forchn has acquired know-how in the B2B and B2C e-commerce models, and integrated solution of warehousing and logistics services tailored for e-commerce, thereby enabling it to efficiently cater for commercial transactions with businesses (B2B) as well as end-consumers (B2C).

As one of the founding members of the joint venture known as Cainiao Network Technology Co., Ltd. (菜鸟网络科技有限公司) which was formed by the Alibaba Group, Intime Retail (Group) Company Ltd. (银泰集团), Fosun Group, Forchn and five other logistics companies (SF Express (顺丰速运), STO Express (申通快递), ZTO Express (中通速递), YTO Express (圆通速递) and YunDa Express (韵达快递), Forchn has an established presence in the e-commerce logistics sector. Cainiao Network Technology Co., Ltd. operates the China Smart Logistics Network (中国智能物流骨干网), which was established to help transform China's logistics infrastructure through the creation of an open, transparent and shared data platform to serve e-commerce businesses, logistics companies, warehouse companies, third party logistics service providers and supply chain managers in China.

Located in Hangzhou, the Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse form part of EC World Hangzhou ("EC World") is one of the largest e-commerce business parks in the Yangtze River Delta and a key project in the Zhejiang Province and offers a range of integrated services ranging from e-commerce operations, logistics, warehousing and transportation. E.C. World comprises of two industrial clusters, namely the Northern Cluster and Southern Cluster.

Northern Cluster: Located in the Yuhang District of Hangzhou, the cluster is favourably located near the Beijing-Hangzhou Grand Canal, with proximity to the two major business circles of Canal New Town and Chongxian New Town. In addition, the cluster enjoys great accessibility to transportation routes and infrastructure including expressways, highways, subways, and water transportation. The northern cluster, which comprises four key properties, can be broadly divided into (i) a logistics, warehouse and processing zone, (ii) a port zone and (iii) an integrated e-commerce services zone.

The logistics, warehouse and processing zone has many businesses which offer integrated order handling and packaging services for e-commerce clients. Ruyicang (如意仓), an integrated smart warehouse and third-party logistics services platform launched by Forchn, is an example of such a business As a leading domestic professional e-commerce warehousing logistics operator, Ruyicang provides professional and efficient packaging services as well as warehouse and distribution services for e-commerce clients through its self-developed warehousing logistics system. Some of the key services and functions also include quality inspection, inventory management, and sorting.

Chongxian Port, being the port zone which includes Chongxian Port Investment and Chongxian Port Logistics, was designated as the delivery warehouse for specific steel products by Shanghai Futures Exchange in 2009. Chongxian Port has 23 berths and handled over 65.0

million tonnes throughout in 2015. With the logistics, warehouse and processing zone in close proximity, Chongxian Port is expected to experience continued improvements in its throughput and operating efficiency.

The e-commerce services zone was delineated to establish a comprehensive e-commerce eco-system that includes e-commerce warehousing and logistics facilities, entrepreneurship and innovation incubators, e-commerce business offices, O2O exhibitions, photography studios, registration agents, talent training, financial services, food and beverage outlets, retail outlets and other e-commerce support activities. The Young Entrepreneurs Park (青创园), which is a platform for young entrepreneurs to launch e-commerce-related businesses, is also located in the e-commerce services zone within the northern cluster.

Southern Cluster: The cluster features order handling and packaging centres, e-commerce offices, exhibition centres, as well as a high-standard warehouse facility.

4.1.2 Business Highlights

(a) Core business

E.C World is essentially a new age e-commerce industrial park with properties that offer the entire suite of e-commerce-related services (e.g. models, photographers, warehousing, packaging, and delivery), providing a one-stop solution to e-commerce retailers and expediting products' speed-to-market.

At present, the available area of both the self-support and franchised warehouses of "Ruyicang" has exceeded 500,000 square meters.

Compared with the other e-commerce industrial parks in China, the key advantages of E.C. World lies in the following:

Excellent geographical location: E.C World is located in Hangzhou, the capital and largest city of the Zhejiang Province, and enjoys a market catchment covering Chinese cities which are among the most active in e-commerce, such as Shanghai, Ningbo, Jinhua and Yiwu. Specifically, the area is equipped with an abundance of e-commerce resources, and substantial demand for infrastructure supporting integrated e-commerce services, as well as high-quality warehouse and distribution services. In addition, Hangzhou government has reduced the industrial land supply from 1,004.8 hectares in 2012 to 499.3 hectares in 2015[23]. The reduction of land supply on the city outskirts potentially results in potential for rent increases.

Comprehensive service capability with high-quality warehouse and distribution services at its core: E.C. World operates its own product "Ruyicang", an industrial leader in e-commerce packaging. In addition, E.C World has an operation system of 8 major service platforms --- public supporting services, youth entrepreneurial services, warehouse and distribution centre,

[23] Hangzhou Land and Resource Bureau, Houzhou Land and Resource Brief Report 2012, Hangzhou Land and Resource Brief Report 2015 (杭州市国土资源局，2012 年度杭州市国土资源综合简报，2015 年度杭州市国土资源综合简报)

e-commerce operation services, e-commerce training services, offline sales platform for e-commerce products, financing services and administrative services, providing intensive and integrated service for enterprises, and effectively promoting the improvement of the overall operating efficiency and the reduction of operating costs for enterprises.

(b) Income generation

The major source of income arises from the rentals charged to enterprises for utilising the provided services.

(c) Key partnerships

- One of the founding shareholders of “CAINIAO Network”, thereby ensuring access to a nationwide network of warehousing resources.
- Established close business relationships and partnerships with the various major domestic express delivery companies such as STO Express, YT Express and ZTO Express and Yunda.
- Joint establishment of an O2O purchase centre with Hangzhou Anime Society and over 800 toy enterprises.

4.1.3 SWOT Analysis

Figure 4-1 SWOT Analysis of E.C World

S	▪ Leading domestic professional e-commerce warehousing logistics operator ▪ Excellent geographical location, with market catchment covering areas of high e-commerce activity, resources and demand ▪ Comprehensive service capability with high-quality warehouse and distribution services at its core	W	▪ Requires substantial capital investments ▪ Business environment is not very mature
O	▪ Rapid development of e-commerce to drive the demand for high-quality logistics facilities	T	▪ New concept industrial development, subject to more uncertainties compared to traditional business

Source: In-house research by Analysys

4.2 China South City Holdings Limited

4.2.1 Overview

China South City Holdings Limited ("**China South City**") is a developer and operator of large-scaled integrated business logistics centres. The company was incorporated in Hong Kong in May 2002 and has been listed on the Stock Exchange of Hong Kong Limited since September 2009.[24]

China South City has five founders with rich entrepreneurial and managerial experience across diversified industries including the manufacturing and wholesale businesses involving products such as food, kitchenware, metals and plastic.[25]

In addition to warehousing logistics distribution, integrated business offerings, and e-commerce, China South City's business operations include conference and exhibition services, lifestyle support services and comprehensive property management services.

The business outreach of China South City extends across China, with projects successfully constructed and developed in cities such as Shenzhen, Nanning, Nanchang, Xi'an, Harbin, Zhengzhou, Hefei, and Chongqing.

[24] Company profile of China South City from 香港交易所 HKEX official website.

[25] China South City Holdings Limited Prospectus issued in September 2009.

Tencent Holdings Limited has been a shareholder of China South City since January 2014, with both Tencent and China South City collaborating to explore O2O business opportunities in China.[26]

In September 2014, China South City invested in Makepolo, a small and medium-sized enterprise with an established B2B purchasing and trading platform. As part of the investment, both China South City and Makepolo sought to build the largest O2O ecological industrial chain for Chinese SMEs to enjoy greater O2O efficiencies through greater economies of scale.[27]

4.2.2 Business Highlights

(a) Core business

China South City develops and operates large-scale integrated business logistics centres covering extensive industries, including industrial raw materials like textile and clothing, leather, metal, electron, plastic and chemicals, and finished products like household products, petty commodities, and bathroom and kitchen appliances.

The large-scale integrated business logistics centres have five key auxiliary activities, namely outlets, e-commerce platform, one-stop logistics, property management services, as well as conference and exhibition services. China South City also has service facilities for integrated logistics and trade, including residential facilities, office buildings, warehousing facilities, hotels, conference and exhibition facilities.[28]

(b) Income generation

According to *China South City Holdings Limited Annual Report 2014/15*, income from sales of property and financial leasing was HKD$8,654,171,000 by 31st March 2015, accounting for 88.7% of total annual income. Continuous income, including rental, property management, e-commerce and other income, accounts for remaining 11.3%. Comparatively, income from sales of property and financial leasing accounts for 95.1% of total income by 31st March 2014.

(c) Key partnerships

China South City sold a 11.5% stake to Tencent in 2014, as part of a strategic plan for future business collaboration. For China South City, the partnership allows the company to leverage on Tencent's strong online capabilities to grow its selling and leasing businesses by offering enhanced services such as online promotions, ordering, and payments.[29]

[26] China South City Holdings Limited Annual Report 2014/15

[27] China South City Holdings Limited Annual Report 2014/15

[28] China South City Holdings Limited Prospetus

[29] China South City Holdings Limited Annual Report 2014/15

4.2.3 SWOT Analysis

Figure 4-2 SWOT Analysis of China South City

S	▪ Low land cost and high profit margin ▪ Support from the local government ▪ Scalable business model ▪ Low level of local competition ▪ Efficient management team	**W**	▪ Requires large capital investments
O	▪ Acceleration of Chinese urbanization ▪ Rapid development of secondary cities ▪ Heightened national attention and support for e-commerce	**T**	▪ Potential changes in the government's land policies ▪ Slowdown of the Chinese economy ▪ Cyclical downturn of real estate development

Source: In-house research by Analysys

4.3 Global Logistics Properties

4.3.1 Overview

Global Logistics Properties ("GLP") was established in 2003 and headquartered in Shanghai. According to GLP's Annual Report 2015, GLP has extended to 35 cities with 185 parks covering a gross building area of 21.8 million sqm. Completed properties account for approximately 11.8 million sqm, planned developments account for approximately 10.0 million sqm.[30]

GLP is a global leading provider of modern logistics and industrial infrastructures, with the business objective of improving supply chain efficiency for manufacturers, retailers and third-party logistics companies. As at 31st March 2015, GLP has a USD 27.5 billion portfolio of logistics and industrial infrastructure, covering a total area of 40.9 million sqm in China, Japan, Brazil and America.[31] GLP has been listed on the Main board of Singapore Exchange Limited since 18th October 2010.

[30] GLP Annual Report 2015

[31] GLP Annual Report 2015

4.3.2 Business Highlights

(a) Core business

GLP's business comprise of three key divisions, namely real estate development, real estate operation, and real estate fund management.[32] Essentially, the real estate development team primarily invests and constructs efficient logistics warehousing facilities around the world. Completed facilities are rented to enterprises, while property management services are provided by the real estate operation team. Lastly, the company also actively explore opportunities to monetize its mature facilities. Specifically, the company deposits assets into a real estate fund where funds raised during the exercise are kept for reinvesting into new projects.

In total, GLP's services can be broken down into 4 primary types:[33]

- **Self-built service:** GLP develops standard and general purpose logistics facilities, and rents these facilities to clients for their usage. Typically, GLP also provides property management services for the rented facilities.
- **Purchase and leaseback:** GLP purchases logistics facilities held by clients, before leasing them back to clients.
- **Customised service:** According to the requirements of its client, GLP selects suitable sites for clients to construct logistics facilities. In addition, GLP provides property management services for the constructed facilities.
- **Consultation service:** GLP assists clients with the design, improvement, and management of their existing supply chain processes.

In total, GLP has over 500 clients, with multi-national corporations accounting for approximately 54% of the total client base. Specifically, major clients include manufacturers such as Adidas, Samsung, and L'oreal Paris, third-party logistics providers such as Nippon Express, Deutsche Post, and Hitachi Transport System, as well as wholesalers and retailers such as Wal-Mart Stores, Tricon Global Restaurant, Amazon, JD and Vipshop.[34]

(b) Income generation[35]

- **Real estate development:** Accounts for 60% of GLP's revenue, and 30% of the company's business profits.
- **Real estate operation:** Accounts for 30% of GLP's revenue, and 50% of the company's business profits.
- **Real estate fund management:** The revenue arises from the charging of management

[32] GLP Annual Report 2015

[33] GLP Prospectus

[34] GLP Prospectus dated October 2010, and GLP Annual Report 2015

[35] GLP Annual Report 2015

fees as well as the receipt of dividends from the managed funds. Although the segment accounts for only 6% of GLP's revenue, it is one of the company's most profitable, contributing approximately 14% of the business profits.

(c) Key partnerships

- **CMST Development Co. Ltd:** GLP, via a joint venture, entered into a strategic collaboration with CMST in 2006, to jointly invest and construct warehousing centres. CMSTD (China National Materials Storage and Transportation Corporation) is a state-owned warehouse logistics provider in China.[36]
- **Transfar Road-port Co. Ltd:** GLP has also established a joint venture with Transfar in 2011 to develop and operate three road-ports.[37]

4.3.3 SWOT Analysis

Figure 4-3 SWOT Analysis of GLP

S	▪ Global brand with an established market reputation ▪ Stable business model ▪ Market leading status in China, Japan and Brazil ▪ Experienced management team	**W**	▪ Business concentrated in logistics services, with no diversification
O	▪ Urbanization and rising consumption to drive domestic demand, and correspondingly stimulate logistics real estate demand ▪ Rapid development of e-commerce to drive demands for modern logistics facilities	**T**	▪ Competition among Chinese logistics service enterprises

Source: In-house research by Analysys

[36] GLP official website announcement, August 2014

[37] GLP Annual Report 2012

4.4 Best Logistics

4.4.1 Overview

Headquartered in Hangzhou, China, Best Logistics Technology (China) Co. Ltd. ("Best Logistics") was established in 2007. As an affiliate of the Best Group, Best Logistics has established multi-level operating centres and a nationwide distribution network across China.

Best Logistics operates more than 400 operating centres, a warehouse and a transit centre across its four primary business divisions, namely integrated supply chain, express, freight and software services. With a manpower size of over 30,000 employees, Best Logistics has more than 30,000 employees, and has formed multiple partnerships with warehousing and distribution operators across China.[38]

Developed by Best Logistics, Best Cloud OFC (Order Fulfilment Centre) is a logistics outsourcing service provider designed to provide e-commerce enterprises with integrated warehouse and distribution services based on logistics data analysis and networked sub-warehouses. Their services include:

- **Warehouse services:** Sub-warehouses design, equipment configuration, warehouse area planning, inventory management, process design, goods picking, insurance purchasing, and multi-goods packaging.
- **Distribution services:** Trunk transport, intelligent screening, route optimisation, regional allocation, express delivery, package tracking, and carrier management.
- **System support:** Mobile logistics management, data analysis, sub-warehouses monitoring system, warehouse management system, and delivery management system.
- **One-stop customer services:** Active customer service, warehousing guidance, service assistance, express tracking, and exception handling.[39]

4.4.2 Business Highlights

(a) Core business

- **Best Supply Chain:** Provides design and implementation of supply chain solutions, assisting enterprises to optimise and improve the efficiencies of purchasing, distribution and e-commerce logistics. Best Cloud OFC, as a key product of Best Supply Chain, has been developed based on information technology and cloud computing, to lower customers' operating costs and improve productivity.
- **Best Express:** Operates a nationwide express delivery network of 90 distribution centres, close to 16,000 service outlets, 2,200 provincial-standard shuttle vehicles and a workforce of 130,000 couriers.

[38] Public information from Best Logistics official website

[39] Public information from Best Logistics official website

- **Best Freight:** Freight and distribution services supported by 20,000 employees, 1,200 transport routes, over 2,000 service outlets and 200 distribution centers across cities such as Hangzhou, Jinhua, Wuxi, Nanjing, Huai'an, Shanghai, and Guangzhou
- **Best Software:** Provides supply chain and logistics information system solutions, as well as integrated SAAS cloud services.

Best Logistic's sophisticated capabilities in resources integration and management has allowed them to provide scientific supply chain solutions and accurate integrated logistics services to renowned enterprises such as Cisco, LI-NING, LG, Panasonic, Siemens and COFCO.[40]

(b) Income generation

Best Logistic's revenue largely arises from fees arising from the services offered, such as supply chain, cloud OFC, as well as distribution and express deliveries.

(c) Key partnerships

Best Logistics has established a partnership with Taobao. Tapping on Taobao's big data, Best Logistics is able to analyze its sales and distribution segments to achieve more timely deliveries. In addition, the newly introduced cloud model of Best Logistics further facilitates the direct distribution of orders and relieves Taobao from excessive warehousing.[41]

[40] Public information from Best Logistics official website

[41] Public information from Best Logistics official website

4.4.3 SWOT Analysis

Figure 4-4 SWOT Analysis of Best Logistics

S	▪ Well-developed logistics system ▪ Nationwide service network ▪ Mature big data application ▪ Sub-warehouse network in major cities allow shorter average delivery distances and a corresponding reduction in logistics costs ▪ High-quality dispatch services (express and freight resources are integrated to shorten delivery time and improve logistics service level by networked sub-warehouses.)	W	▪ Business concentrated in logistics services, with no diversification
O	▪ Supportive national policies on the development of the logistics industry	T	▪ Faced with competition, competing on logistics cost, production management and distribution experience

Source: In-house research by Analysys

5. China's Inland Water Transportation Sector

With the growth of e-commerce in China, the importance of sectors providing complementary or supporting services to the e-commerce industry has correspondingly grown. This includes sectors such as the warehousing and logistics sectors, as well as services facilitating the transportation of raw materials and finished goods across Chinese cities and national borders. With a significant portion of B2B e-commerce focussed on low cost and bulk orders, cost efficient services such as inland water transportation have gradually grown in greater significance. In addition, for B2B trade for steel and chemicals, water transportation is the preferred option.

5.1 Overview of China's Inland Water Transportation Sector

According to the World Bank report titled "China: An Inland Waterway Project Brings Multiple Benefits" published in September 2015, China's inland waterway transport network is the world's largest in terms of length and freight volume. During the past two decades of rapid growth and increasing trade volume, China's inland water transportation sector grew in prominence as it held a key role of facilitating trade movements. Its importance was further affirmed when the Chinese State Council published the *Accelerated Development of Transportation via Inland Water* in 2011. The key areas emphasized were the construction of comprehensive and modern transportation systems, industry planning along the rivers including the Yangtze River, as well as the reduction of emissions.

The following is a summary of the key factors contributing to the growing significance of China's inland water transportation sector:

- **Large transportation capacity**
- **Ability to transport both cargos and passengers**
- **Low costs:** Inland water transportation represent the most economical option for large freight volume and bulk cargos.
- **Lower energy consumption relative to highway and railway transportations**
- **Promotes international trade development:** China's import and export trade is largely reliant on marine transportation. The existence of an inland water transportation network helps to further expand the transportation coverage area for international trade.
- **Promotes economic development of coastal cities:** Inland water transportation facilitates access to trade and business activities, resulting in greater opportunities for economic progress in the coastal cities. Notably, the economic progress brought about will also help drive an upgrading of the inland waterways, terminals and other infrastructures in the area.
- **Promotes efficiency:** Inland ports typically serve as logistics centres that facilitate the movement of cargo from centralised distribution points. In most cases, inland ports improve the pace of cargo movement by shifting the sorting and processing work inland,

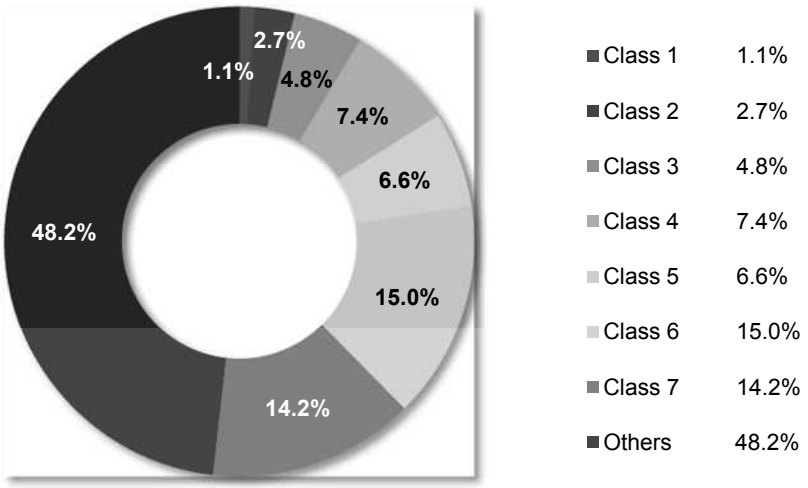
away from congested seaports.

5.1.1 China's Inland Water Transportation Infrastructure

(a) Inland waterways

The total length of navigable inland waterways in China was recorded at 126,300 km in 2014, representing an increase of 427 km from the previous year. Standard inland waterways, classified as Class 1 to Class 7, account for 51.8% (65,400 km) of China's total navigable inland waterways. In terms of the breakdown by waterway classification, 8.6% of the waterways are of Class 3 and above, with Classes 6 and 7 accounting for a substantial 15.0% and 14.2% of the total length of inland waterways respectively.

Figure 5-1 Breakdown of China's Navigable Inland Waterways



Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

In terms of the breakdown by river systems, the Yangtze River boasts the longest navigable inland waterway at 64,374 km. This is followed by the Huaihe River (17,388 km), Pearl River (16,444 km), Heilongjiang River (8,211 km), Yellow River (3,488 km), Minjiang River (1,973 km), and the Beijing-Hangzhou Grand Canal (1,438 km).

(b) Terminals

As at end 2014, there were a total of 31,705 berths across Chinese port terminals. Amongst these, 25,871 belong to the inland ports, while the remaining 5,834 belong to the coastal ports. Compared to 2013, the number of berths fell by 214 for inland ports, and increased by 159 for coastal ports.

Amongst the ports in China, a total of 2,110 berths are capable of accommodating ships of minimum 10,000 tons, representing an increase of 109 berths from 2013. The majority of such berths are situated at the coastal ports, with the 1,704 berths accounting for over 80% of the total. In comparison, inland ports held 406 of such berths.

Figure 5-2 2014 Breakdown of Berths by Port Type in China
(for berths accomodating ships of minimum 10,000 tons)

Deadweight Tons	Total no. of Ports	*Change from previous year*	No. of Coastal Ports	*Change from previous year*	No. of Inland Ports	*Change from previous year*
10,000 - 29,999 tons	755	*+19*	586	*+19*	169	*+0*
30,000 - 49,999 tons	365	*+9*	261	*+7*	104	*+2*
50,000 - 99,999 tons	684	*+36*	558	*+26*	126	*+10*
100,000 tons and above	306	*+45*	299	*+45*	7	*+0*
Total	**2,110**	***+109***	**1,704**	***+97***	**406**	***+12***

Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

In addition, for the berths capable of accommodating ships of minimum 10,000 tons, a substantial 38% are specialized berths. This is followed by universal bulk berths and universal break-bulk berths.

Figure 5-3 2014 Breakdown of Berths by Usage in China
(for berths accomodating ships of minimum 10,000 tons)

Use	2014	2013	*Change from previous year*
Specialized berth	**1,114**	**1,062**	***+52***
Container berth	322	321	*+1*
Coal berth	219	206	*+13*
Liquid chemicals berth	172	157	*+15*
Petroleum product berth	130	124	*+6*
Crude oil berth	72	68	*+4*
Metallic mineral berth	64	61	*+3*
Bulk grain berth	36	36	*+0*
Other specialized berth	99	89	*+10*
Universal bulk berth	**441**	**414**	***+27***
Universal break-bulk berth	**360**	**345**	***+15***

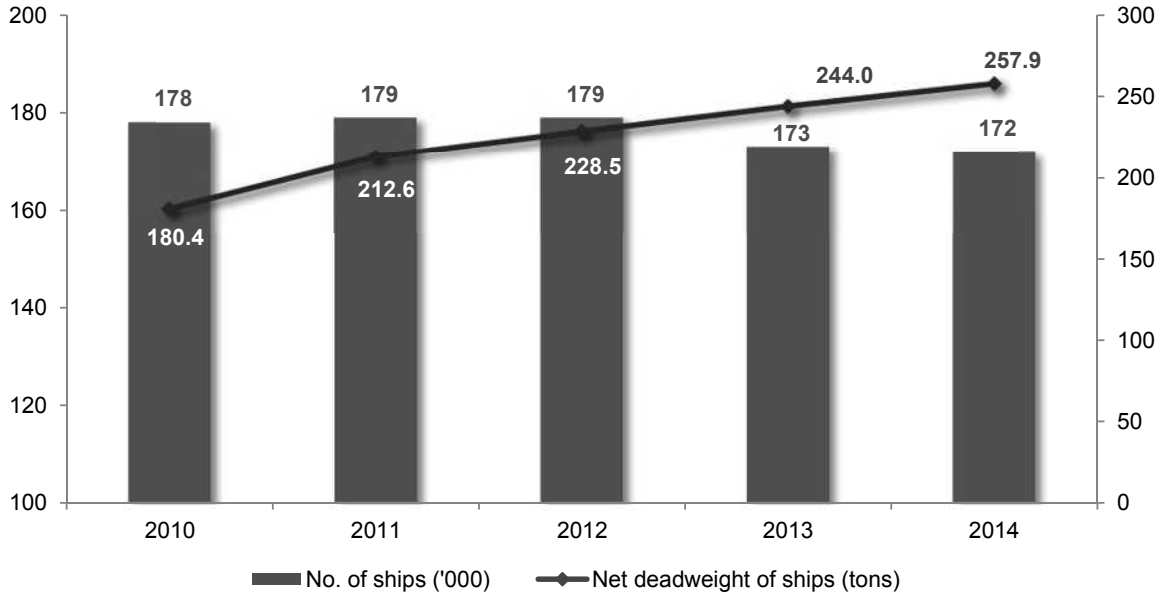
Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

5.1.2 China's Shipping Fleet

In 2014, the number of transportation ships in China decreased marginally by 0.3% to 172,000. However, the total net deadweight of China's shipping fleet rose 5.7% to 257.9 million tons. Correspondingly, the average net deadweight per ship increased 6.0% to 1,499.3 tons.

While total passenger capacity fell marginally by 0.1% to 1.0 million, the number of container slots increased by a significant 36.3% to 2.3 million TEUs.

Figure 5-4 China's Shipping Transportation Fleet



Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

5.1.3 China's Freight Volume

In 2014, freight volume by water transportation hit 6.0 billion tons in China, growing by 6.9% from 2013. In the same period, the total tonnage mileage grew 16.8% to 9.3 trillion ton-km. The average load distance was 1,550.7 km.

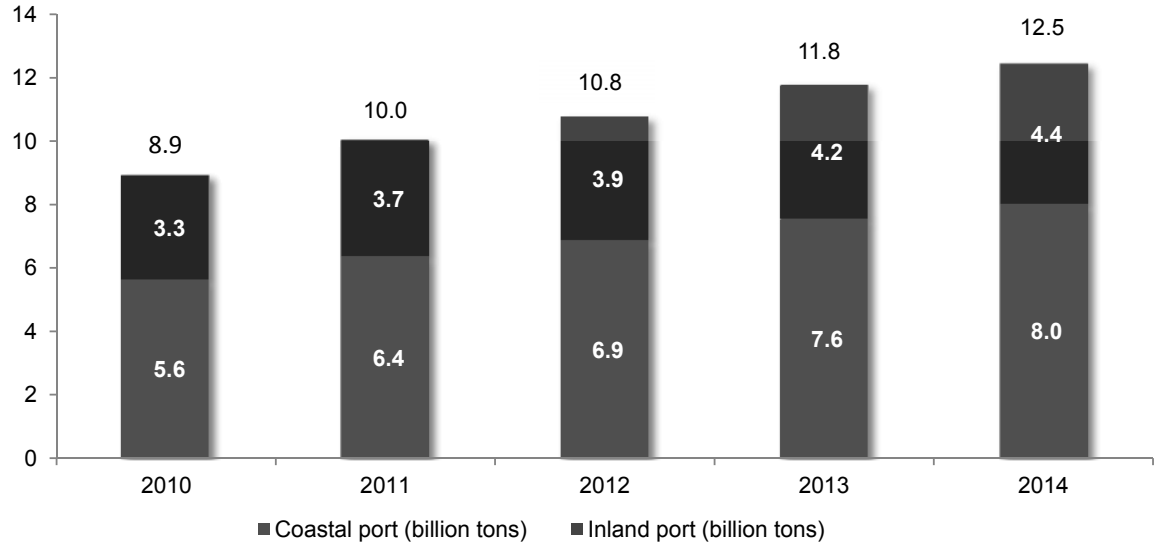
Broken down by the transportation type, freight volume via inland water transportation, coastal transportation and ocean transportation were 3.3 billion tons, 2.4 billion tons, and 0.7 billion tons respectively.

In terms of tonnage mileage, the breakdown by transportation type was 1.3 trillion ton-km, 2.4 trillion ton-km, and 5.6 trillion ton-km respectively.

5.1.4 Cargo Throughput of Chinese Ports

The cargo throughputs of Chinese ports continue to grow year on year, with a healthy CAGR of 8.7% recorded for the period 2010 to 2014. In 2014, the cargo throughput was 12.5 billion tons, with coastal ports accounting for 8.0 billion tons and inland ports accounting for 4.4 billion tons.

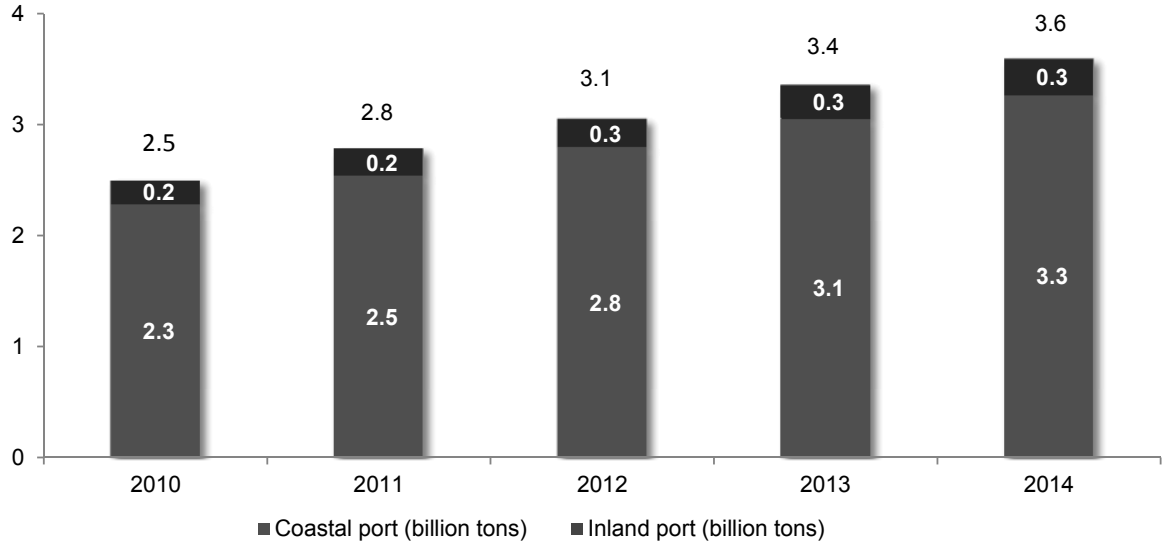
Figure 5-5 Cargo Throughput of Chinese Ports



Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

For foreign trade, the cargo throughput of Chinese ports grew at a CAGR of 9.5% from 2010 to 2014, registering a total of 3.6 billion tons in 2014. Coastal ports accounted for over 90% of foreign trade in China, handling a throughput of 3.3 billion tons in 2014, compared to the 0.3 billion tons handled by the inland ports.

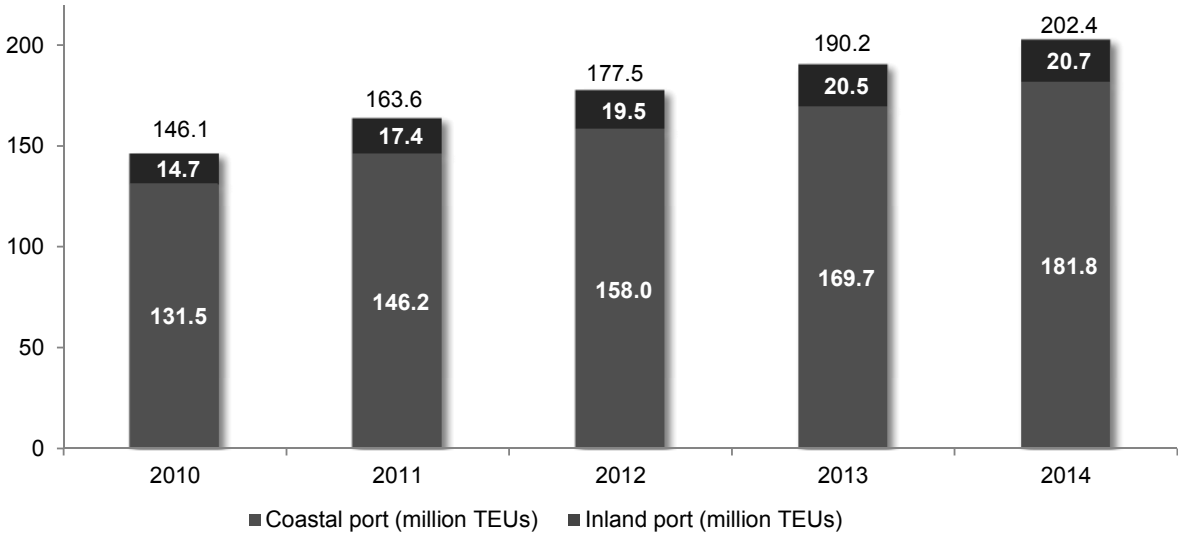
Figure 5-6 Foreign Trade Cargo Throughput of Chinese Ports



Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

In addition, the container throughputs recorded by Chinese ports totaled 202 million TEUs in 2014, growing at a CAGR of 8.5% since 2010. Inland ports accounted for 20.6 million TEUs while coastal ports accounted for 182.0 million TEUs.

Figure 5-7 Container Throughput of Chinese Ports



Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

5.1.5 Cargo Throughput of Chinese Ports above a Designated Size

In China, "ports above a designated size" are also known as "main ports", and largely refers to coastal ports with annual cargo throughput over 15 million tons, inland ports with annual cargo throughput over 10 million tons, or ports used for international trade.

In 2014, the total cargo throughput of such ports was recorded at 11.1 billion tons, an increase of 5.1% from 2013. Coal, metallic minerals and mining construction materials were the 3 largest type of cargo handled in Chinese ports, accounting for 19.7%, 16.2% and 14.9% respectively.

For foreign trade, the cargo throughput for Chinese ports above a designated size was 3.5 billion tons, with the top 3 cargo types being metallic minerals (31.3%), petroleum, natural gas and related products (11.0%), as well as coal and related products (8.0%).

Figure 5-8 2014 Cargo Throughput of Chinese Ports above a Designated Size

Type	Cargo Throughput (billion tons)	*Change from previous year (%)*	Foreign Trade Cargo Throughput (billion tons)	*Change from previous year (%)*
Coal and related products	2.19	*0.70%*	0.28	*-10.40%*
Metallic minerals	1.78	*7.60%*	1.10	*8.00%*
# Iron ore	1.63	*11.10%*	1.01	*13.00%*

Mining construction materials	1.65	*1.30%*	0.04	*8.30%*
Petroleum, natural gas and related products	0.79	*3.70%*	0.39	*7.60%*
# Crude oil	0.43	*5.80%*	0.30	*8.40%*
Steel	0.47	*3.70%*	0.10	*34.20%*
Cement	0.31	*8.00%*	0.01	*4.50%*
Non-metallic ores	0.25	*5.80%*	0.05	*-20.40%*
Grain	0.24	*7.10%*	0.10	*17.00%*
Chemical raw materials and related products	0.24	*9.00%*	0.09	*-0.10%*
Machinery, equipment and electrical appliances	0.22	*11.30%*	0.14	*13.60%*
Light industrial goods and medicine products	0.12	*3.60%*	0.05	*-2.10%*
Timber	0.08	*13.60%*	0.07	*11.20%*
Chemical fertilizers and pesticides	0.05	*33.90%*	0.03	*54.60%*
Salt	0.02	*7.00%*	0.01	*80.00%*
Nonferrous metals	0.02	*-2.40%*	0.01	*-8.40%*
Products of agriculture, forestry, animal husbandry and fishery	0.05	*18.20%*	0.02	*10.10%*
Others	2.71	*8.00%*	1.06	*6.60%*
Total	**11.1**	***5.05%***	**3.53**	***6.28%***

Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

5.1.6 Investment in China's Water Transportation

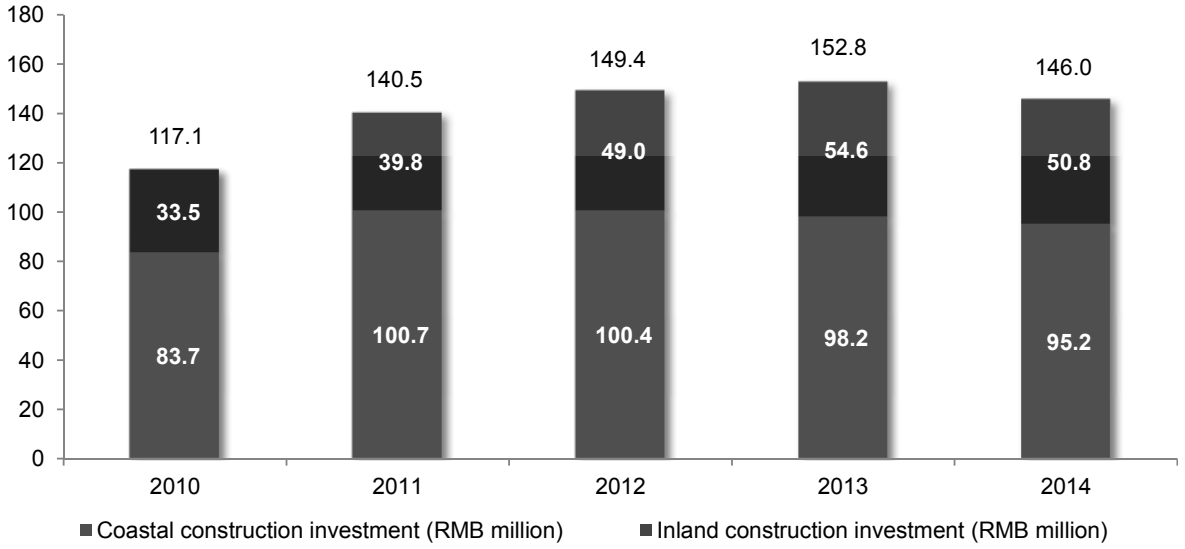
After a period of continued growth, the total amount of investment in both Chinese inland water and coastal transportation fell 4.5% to RMB 146.0 billion in 2014.

For inland water transportation, the total investment received for construction was RMB 50.8 billion, giving rise to 253 constructed, modified or expanded berths. The total throughput

capacity increased by 162.2 million tons, while throughput capacity of berths capable of accommodating ships of minimum 10,000 tons increased by 30.9 million tons. In addition, 2,000 km of inland waterways were added or underwent enhancement.

Separately, investment in coastal transportation was RMB 95.2 billion, resulting in 170 constructed, modified or expanded berths. Total throughput capacity increased by 362.7 million tons, while throughput capacity of berths capable of accommodating ships of minimum 10,000 tons increased by 331.2 million tons.

Figure 5-9 Investment in Inland and Coastal Water Transportation



Source: Ministry of Transport, 2014 Statistical Report of Transport Industry (2014 年交通运输行业发展统计公报), April 2015

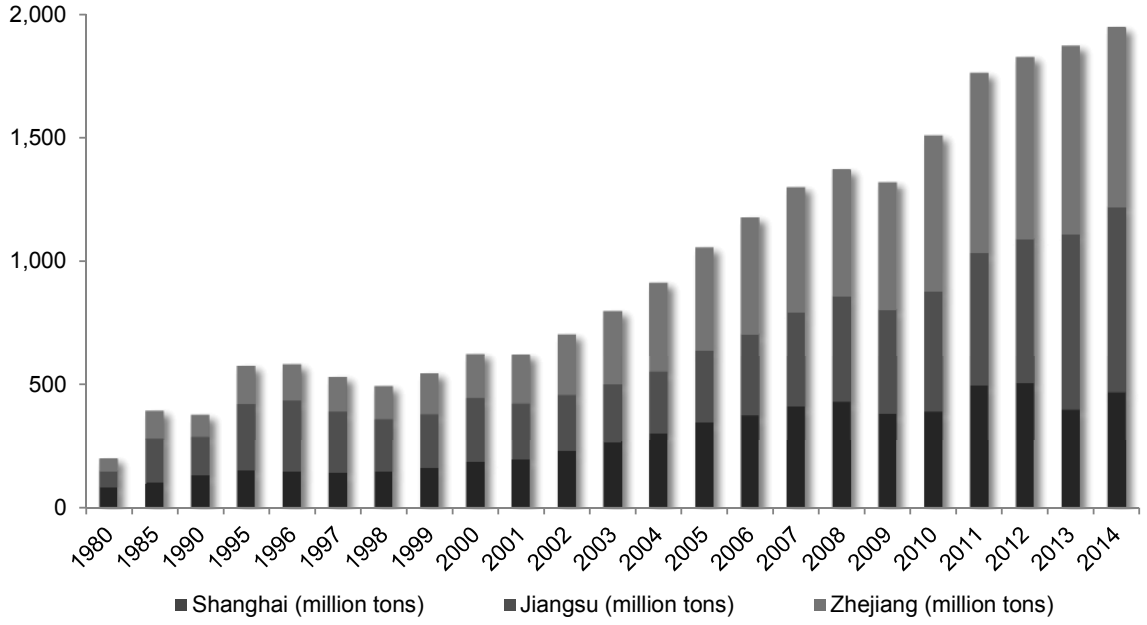
5.2 Inland Water Transportation in China's Yangtze River Delta

The Yangtze River Delta refers to the region encompassing the Shanghai Municipality, Zhejiang Province, and Jiangsu Province. Located along the downstream sections of the river before draining into the East China Sea, the region has become one of China's most important economic zones, accounting for approximately 20% of China's gross domestic product, and approximately one-third of the country's total imports and exports.

Boasting rich resources of inland water and wide hinterland, the Yangtze River Delta has also grown to become one of China's most advanced regions in terms of inland water transportation.

Since 1980, the total freight volume of water transportation in the Yangtze River Delta has grown by more than 15 times to 1.9 billion tons in 2013. Amongst the three contributing regions, the freight volume contributed by the Zhejiang Province has notably grown in significance since 1980, from an initial contribution of 25.5%, to become the largest contributing region at 39.5% in 2013. The Jiangsu Province is the second highest contributor at 36.5%, followed by the Shanghai Municipality at 24.0%.

Figure 5-10 Freight Volume of Water Transportation in Yangtze River Delta



Source: Yangtze River Delta Yearbook 2014

5.2.1 Zhejiang

(a) Overview

In 2013, there were 18,208 ships for transportation purposes in Zhejiang, with a total net deadweight of 23.8 million tons. Total freight volume was 0.77 billion tons, with tonnage mileage recorded at 7,357 ton-km. From 2001 to 2013, the average annual growth of freight volume and tonnage mileage was 11.7% and 20.2% respectively. For the same period, the average container throughput capacity grew at an average of 29.6% per year, hitting 19.1 million TEUs in 2013.

In total, there were 1,050 berths in coastal ports, and 3,935 berths in inland ports. The length of the navigable inland waterways in Zhejiang was 9,747 km, with cargo throughput capacity of 0.4 billion tons in 2013. The cargo throughput of coastal ports was 1.0 billion tons, accounting for 72.0% of the total throughput of Zhejiang's ports.

The Zhejiang region comprises of a number of key ports, namely the Port of Ningbo-Zhoushan, Port of Wenzhou, Port of Taizhou, Port of Jiaxing, Port of Hangzhou, Port of Huzhou, Inland port of Jiaxing, Port of Shaoxing, Inland Port of Ningbo, Port of Lanxi in Jinhua, and Qingtian Port of Lishui.

Amongst the ports in Zhejiang, the Port of Ningbo-Zhoushan is the most prominent, accounting for 80.5% and 90.8% of the province's total cargo throughput and container throughput respectively in 2013. For the latter, the Port of Ningbo-Zhoushan's container throughput of 17.4 million TEUs represented an increase of 7.3% from the year before. On a national level, the Port

of Ningbo-Zhoushan ranks third behind the Port of Shanghai and Port of Shenzhen for both cargo throughput and container throughput.

(b) Recent developments

Larger berths: The terminal berths in Zhejiang's ports have generally increased in size. By end 2013, Zhejiang had 195 berths capable of accommodating ships of minimum 10,000 tons, with 39 of the 52 newly increased berths over the last 5 years capable of accommodating ships over 100,000 tons.

Specialised ports: There is an increasing degree of specialization at Zhejiang's ports, with many berths designed for specialized purposes, such as the 135 berths for coal and coal related products, and 271 berths for crude oil and its related products.

Development of container berths: There has been a gradual increase in the number of container berths in Zhejiang. Notably, the integrated throughput capacity of container berths of 14.5 million TEUs and 117.8 million tons represented a significant increase of 56.3% and 79.8% from 2009.[42]

5.2.2 Jiangsu

In 2013, the cargo throughput of ports above the designated size in Jiangsu reached 1.9 billion tons at a growth of 8.3% from the year before. The foreign trade cargo handled grew by 11.1% to 0.4 billion tons while the container throughput rose 2.7% to 16.4 million TEUs.[43]

5.2.3 Shanghai

In 2013, the cargo throughput of the Port of Shanghai was 775.7 million tons, an increase of 5.5% compared to 2012. For the same period, the container throughput grew 3.3% to 33.6 million TEUs.[44]

[42] Yangtze River Delta Yearbook 2014" is issued by Yangtze River Joint Research Center (长三角联合研究中心), a joint research institute by 上海市社会科学院 (Shanghai Academy of Social Sciences), 江苏省社会科学院 (Jiangsu Provincial Academy of Social Sciences), and 浙江省社会科学院 (Zhejiang Academy of Social Sciences).

[43] Yangtze River Delta Yearbook 2014" is issued by Yangtze River Joint Research Center (长三角联合研究中心), a joint research institute by 上海市社会科学院 (Shanghai Academy of Social Sciences), 江苏省社会科学院 (Jiangsu Provincial Academy of Social Sciences), and 浙江省社会科学院 (Zhejiang Academy of Social Sciences).

[44] Yangtze River Delta Yearbook 2014" is issued by Yangtze River Joint Research Center (长三角联合研究中心), a joint research institute by 上海市社会科学院 (Shanghai Academy of Social Sciences), 江苏省社会科学院 (Jiangsu Provincial Academy of Social Sciences), and 浙江省社会科学院 (Zhejiang Academy of Social Sciences).

5.3 Hangzhou Port Area

Hangzhou is the capital and largest city of the Zhejiang Province, and is also known as one of the most important steel transportation hubs along the Beijing-Hangzhou Grand Canal as well as one of the pillar industries of the Yangtze River Delta region. As one of the water routes connecting the northern and southern parts of China, the Beijing-Hangzhou Grand Canal is one of the oldest and longest man-made waterways in the world. Starting at Beijing, it passes through Tianjin and the provinces of Hebei, Shandong, Jiangsu and Zhejiang to the city of Hangzhou, linking the Yellow River and Yangtze River. Major ports located along the Beijing-Hangzhou Grand Canal include the ports at Tianjin, Linqing, Jining, Tengzhou, Xuzhou, Huai'an, Yangzhou, Zhenjiang, Suzhou and Hangzhou. Notably in June 2014, the Beijing-Hangzhou Grand Canal was designated as a UNESCO World Heritage Site.

The steel market is a significant segment of the Hangzhou Port area, with steel throughput accounting for a substantial 13.6% of Hangzhou's port area total in 2015. The annual steel demand of Hangzhou is over 20 million tons, and over time, many major steel enterprises have established a presence in the Yangtze River Delta region, such as Hangzhou Iron & Steel Group Company, Baosteel, Shagang Group, and Jiangsu Suzhou Steel Group Co., Ltd.

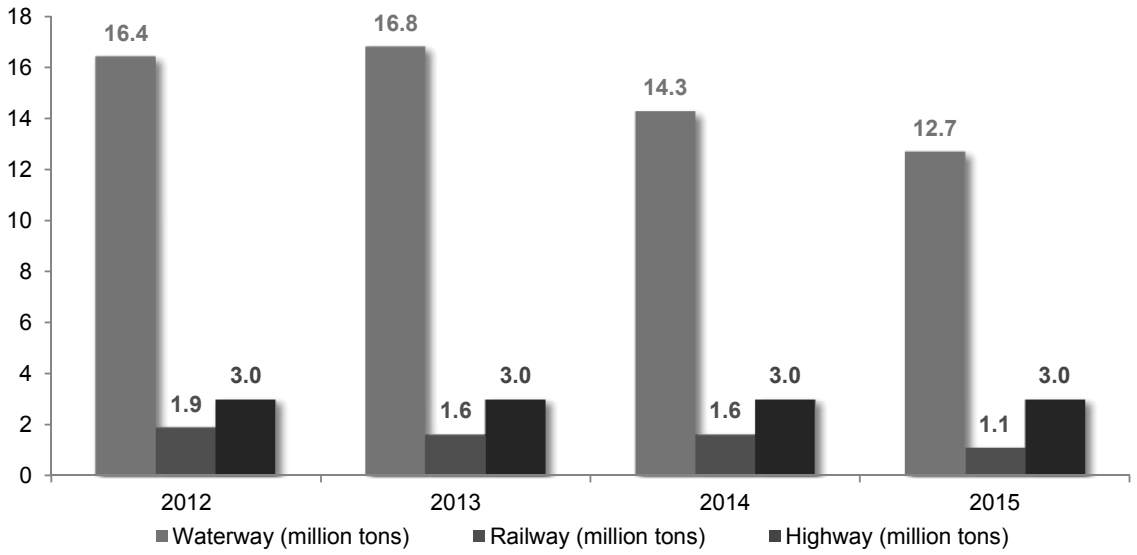
Figure 5-11 2015 Throughputs of Hangzhou Port Area

Year	Throughputs of Hangzhou Port Area (million tons)	Steel Throughput (million tons)	Proportion of Steel Throughput (%)
2012	91.7	16.3	17.7%
2013	93.8	16.7	17.8%
2014	100.7	14.1	14.0%
2015	93.7	12.7	13.6%

Source: In-house research by Analysys with reference to public database from China Ports & Harbors Association（CPHA）国港口协会

Notably, Hangzhou's steel market is largely dominated by Hangzhou Iron & Steel Group Company, which produces an average annual steel output of 3.3 to 4.0 million tons. In comparison, the other producers typically generate an annual steel output of 1.5 million tons. Apart from the steel demand fulfilled by the production from Hangzhou Iron & Steel Group Company and the major manufacturers, steel are largely imported via the waterway. Essentially, 75.6% of steel are transported via the waterway, with highway and railway comprising the remaining 17.9% and 6.5% respectively.

Figure 5-12 2015 Steel Transportation in Hangzhou



Source: Forchn Holdings Group Co., Ltd

Based on the available statistics in 2014, the Chongxian Port ranked first amongst the ports in Hangzhou for the amount of steel handled. This was followed by Port of Renhe and Xie Village.

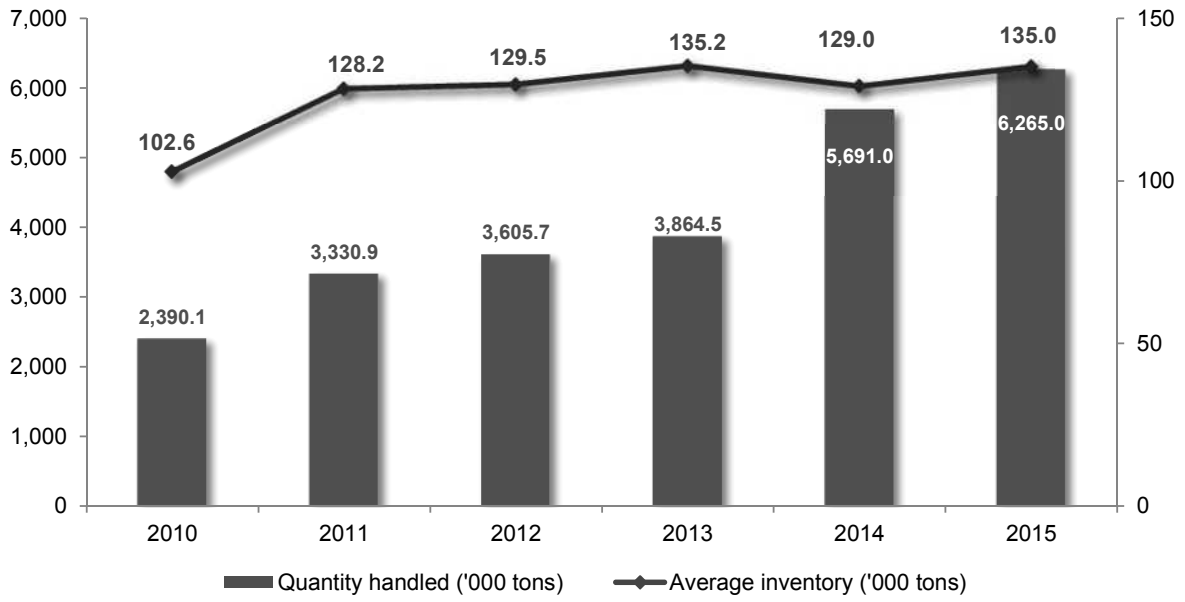
Figure 5-13 Quantity of Steel Handled by Inland Terminals

Inland Terminals	2012 (million tons)	2013 (million tons)	2014 (million tons)	2015 (million tons)
Chongxian Port	4.5	4.7	5.7	6.3
Xie Village	2.3	2.3	2.1	1.2
Sanliyang	1.6	1.5	1.7	1.4
Port of Renhe	1.4	1.9	2.4	1.9
Guanjiayang	1.2	1.1	1.2	1.0
Xinda	0.5	0.6	0.8	0.9
Maoyuan	0.4	0.8	0.6	1.2
Hengqiang	0.3	0.3	0.4	-
Quay of Materials Industry Logistics	1.0	1.1	-	-
Liangshan	3.2	2.4	-	-

Source: In-house research by Analysys (in depth interview with related companies)

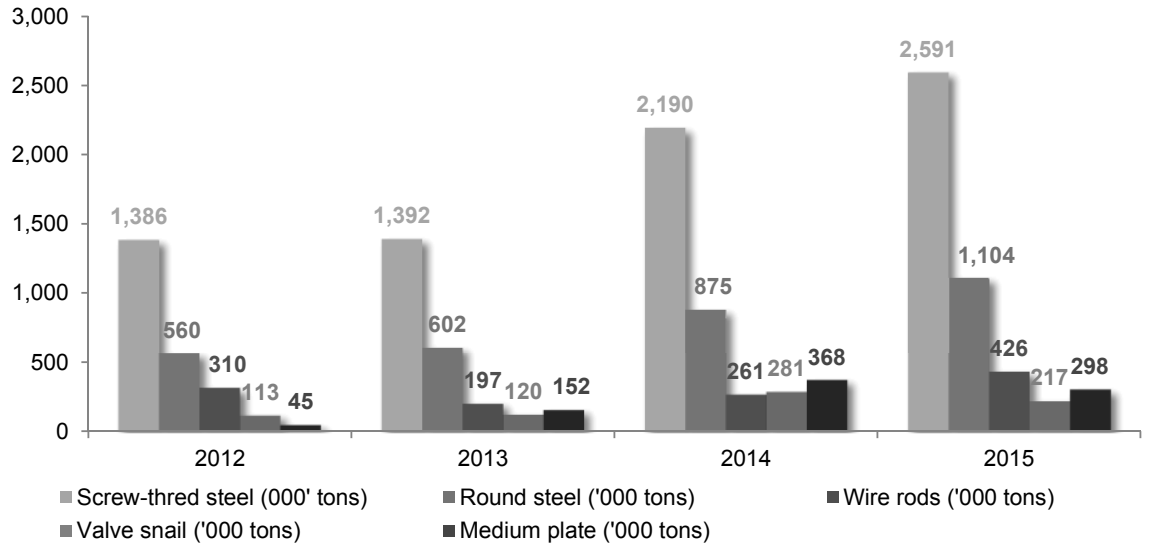
In 2015, the Chongxian Port handled 6.3 million tons of steel, with an average inventory of 135,000 tons. Some of the key products handled include screw-thread steel, round steel and wire rods.

Figure 5-14 Steel Handled and Inventory of Chongxian Port in 2015



Source: Forchn Holdings Group Co., Ltd

Figure 5-15 Main Steel Products Handled by Chongxian Port in 2015



Source: Forchn Holdings Group Co., Ltd

5.4 Impact of Urbanization on China's Inland Water Transportation

With the opening up of the economy, the Chinese coastal cities have enjoyed rapid urbanization and economic development. In the last decade, supportive national policies have allowed the inland cities to catch up in terms of economic progress and development. In particular, the inland cities have benefited from the rollout of the grand western development programme, as well as strategies to develop Central China and the old industrial bases in Northeast China. Apart from an increase in urbanization, enterprises are also gradually relocating to the inland areas of China, resulting in increased economic activity and progress. In particular, the secondary industry sector, which includes the likes of construction and manufacturing, has undergone the greatest development during this period. For the provinces situated along the middle and lower end of the Yangtze River, the secondary industry sector of the provinces clearly recorded higher growths compared to the primary and tertiary industries in 2015.

Figure 5-16 2015 GDP Growth of Selected Inland Provinces along the Middle and Lower Yangtze River

	Anhui		Hubei		Chongqing	
	GDP (RMB billion)	*Increase from 2014 (%)*	**GDP (RMB billion)**	*Increase from 2014 (%)*	**GDP (RMB billion)**	*Increase from 2014 (%)*
Primary Industry	245.67	*+4.2%*	330.98	*+4.5%*	115.02	*+4.7%*
Secondary Industry	113.42	*+8.5%*	135.04	*+8.3%*	707.18	*+11.3%*
Tertiary Industry	820.66	*+10.6%*	127.37	*+10.7%*	749.78	*+11.5%*

Source: Publicly available data obtained from official website of National Bureau of Statistics of the People's Repblic of China

The continued strong growth of the secondary industries will lead to an increase in demand for transportation bulk cargos. With a cost advantage over the railway and highway transportation options, coupled with increasing recognition as a more energy saving and less pollutive transport option, China's inland water transportation is expected to play a more important role in bulk cargo transportation. In addition, there are expectations that more investments will be made available to further develop the infrastructure of the country's inland water transportation.

5.5 Impact of Urbanization on Hangzhou's Inland Water Transportation

Similar to the other cities in China, the city of Hangzhou has also been impacted by the nationwide urbanization. Specifically for Hangzhou, an increasing amount of land has been allocated for urban commercial and residential purposes. By proportion, the amount of space for industrial usage has fallen.

Notably in 2009, "New Canal City Concept Planning(运河新城概念规划)" was formulated by Hangzhou City Planning Bureau(杭州市规划局) and Grand Canal Protection Committee Hangzhou Section(京杭运河杭州段综合保护委员会) to develop and transform Hangzhou into a "new canal city", with the objective of enhancing the city's attractiveness for living, businesses, and tourism. Details of the plan included dividing the canal into sections for various purposes such as the Canal Grain Transporting Civilised Area, Canal Household Folklore Area, Canal Culture Creativity Area, Modern Canal Service Area, Canal Ecological Civilisation Area, Canal Tourism Service Area, and Canal Urban Industry Area.

With the proposed development of the "new canal city", a number of terminals in Hangzhou have been relocated as the existing occupied land area was to be redeveloped for commercial purposes. Some of the affected terminals include the Luhe Terminal, Liangshan Terminal, and the Terminal of Materials Industry Logistics. For the next 2 to 3 years, the terminals of Xie Village, Guangjiayang and Sanliyang are also being considered for redevelopment by the Hangzhou Government. Going forward, with the reduced competition, the Chongxian Port is expected to enjoy better prospects and market share in Hangzhou.

5.6 Inland Terminals in Economically Developed Areas

5.6.1 Challenges of Inland Water Transportation in China

China's waterway transportation faces the challenges of a lack of sufficient infrastructure as well as shipping bottlenecks. In the Yangtze River system, the ports are relatively backward, with a shortage of large high-efficient specialized containers, dry bulk and roll-roll terminals. Notably, only 3.4% of berths at inland ports can accommodate ships above 10,000 tons, restricting the transport capacity of the entire river system. As such, there is increasing emphasis to improve the utilization ratio and efficiency of the berths. One proposal would be the development of a terminal logistics park of both large capacity and good location.

In addition, the inland waterway transport industry is largely fragmented, with over 5,000 small and medium-sized shipping enterprises operating over 180,000 ships in China. Most of these companies are single-ship companies that are not capable of achieving economies of scale or to operate at high levels of efficiency. Notably, the average transport capacity of a ship is less than 10,000 tons, with only 4 shipping companies having a deadweight capacity of over 100,000 tons[45].

Nevertheless, China is gradually formulating measures to promote trans-province and trans-city cooperation, to encourage local and foreign large-sized enterprise groups to invest in the inland water basin area, and to enhance the market competitiveness of shipping enterprises in China.

[45] Publicly available data obtained from The Journal of China Ports, June 2012

5.6.2 High Dependency on Economic Progress of Coastal Cities

The development of China's inland water transportation and economic development of the country's coastal cities are heavily dependent on each other. Notably, inland water transportation helps enhance communication between cities, and help facilitate the transportation of goods from the coastal industries. On the other hand, economic progress in the coastal cities also help bring about greater industrial development for the inland water transportation sector in terms of upgrading of inland waterways, terminals and infrastructure.

5.6.3 Impact on B2B E-commerce

With the emergence of e-commerce, increasing attention has been placed on shortening processing time and optimisation of resources as means of enhancing competitiveness. Logistics transportation is an important part of the e-commerce industry landscape, and the development of the sector will continue to impact the expansion of the e-commerce market.

As B2B e-commerce transactions are typically of larger and bulkier goods, B2B e-commerce merchants tend to incur higher logistics transportation costs compared to B2C e-commerce merchants. As such, it is highly essential for the B2B e-commerce industry to be supported by an inland water transportation network that has high transportation capacity and efficiency.

Notably, inland water transportation enterprises look towards employing larger, standardized, and more environmentally friendly ships. In addition, ports are being developed to become more mechanized and multi-functional. Essentially, inland water transportation enterprises are seeking to become logistics service providers with the ability to provide integrated services ranging from transportation, transshipment, storage, distribution, processing, cargo loading and unloading, warehousing management, multimodal transportation, to information processing. Notably, the Chongxian Port is one such example, with the terminal awarded the accolade of being one of China's top 50 steel logistics park by Mysteel.com and Sinotrust (a specialised qualification and credit evaluation institution).

Typically, the most suitable regions for establishing industrial B2B logistics hub reside in the Jiangsu, Zhejiang, and Shanghai regions. Aside from the geographical advantage of being close to the sea border, these provinces are also supported by established inland terminals. In fact, these regions have the largest number of inland terminal berths in China, with Jiangsu alone accounting for the majority of inland terminal berths capable of accommodating ships over 10,000 tons in China. Naturally, these regions have become the premier choice venue for developing logistics distribution centre, in particular, for e-commerce services. Going forward, the region will continue to benefit from the growth of e-commerce in China, with the establishment of more logistics hubs.

Figure 5-17 Berths of Inland Terminals in China

Region	Total Berths	Total Berths Capable of Accommodating Ships of Minimum 10,000 tons

Jiangsu	7398	387
Zhejiang	3935	-
Sichuan	2020	-
Hubei	1924	-
Shanghai	1842	-
Hunan	1840	-
Jiangxi	1721	-
Anhui	1348	7
Guangdong	1103	-
Chongqing	869	-
Guangxi	469	-
Guizhou	384	-
Shandong	276	-
Shanxi	255	-
Yunnan	190	-
Gansu	176	-
Heilongjiang	135	-
Fujian	86	-
Henan	71	-
Jilin	31	-
Shanxi	6	-
Liaoning	6	-

Source: In-house research by Analysys

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of the Units at the Offering Price per Unit on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of this Prospectus (the "**Application Forms**") or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Units in the Offering by way of Application Forms or Electronic Applications are required to pay in Singapore dollars the Offering Price per Unit, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against the Joint Bookrunners and Underwriters) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

(1) **The minimum initial subscription is for 1,000 Units. You may subscribe for a larger number of Units in integral multiples of 100. Your application for any other number of Units will be rejected.**

(2) You may apply for the Units only during the period commencing at 9:00 a.m. on 21 July 2016 and expiring at 12:00 p.m. on 26 July 2016. The Offering period may be extended or shortened to such date and/or time as the Manager may agree with the Joint Bookrunners and Underwriters, subject to all applicable laws and regulations and the rules of the SGX-ST.

(3) (a) Your application for the Units offered in the Public Offer (the "**Public Offer Units**"), may be made by way of the printed **WHITE** Public Offer Units Application Forms or by way of Automated Teller Machines ("**ATM**") belonging to the Participating Banks ("**ATM Electronic Applications**") and the Internet Banking ("**IB**") website of the relevant Participating Banks ("**Internet Electronic Applications**" which, together with the ATM Electronic Applications, shall be referred to as "**Electronic Applications**").

(b) Your application for the Units offered in the Placement Tranche (the "**Placement Units**") may be made by way of the printed **BLUE** Placement Units Application Forms (or in such other manner as the Joint Bookrunners and Underwriters may in its absolute discretion deem appropriate).

(4) **You may use up to 35.0 per cent. of your CPF Investible Savings ("CPF Funds") to apply for the Units under the Public Offer.** Approval has been obtained from the Central Provident Fund Board ("**CPF Board**") for the use of such CPF Funds pursuant to the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time, for the subscription of the Units. You may also use up to 35.0 per cent. of your CPF Funds for the purchase of the Units in the secondary market.

(5) If you are using CPF Funds to apply for the Units, you must have a CPF Investment Account maintained with a CPF agent bank, *i.e.* DBS Bank, Oversea-Chinese Banking Corporation Limited or United Overseas Bank Limited (the "**CPF Agent Bank**"). You do not need to instruct the CPF Board to transfer CPF Funds from your CPF Ordinary Account to your CPF Investment Account. The use of CPF Funds to apply for the Units is further subject to the terms and conditions set out in the section on "Terms and Conditions for Use of CPF Funds" on page F-26.

(6) **Only one application may be made for the benefit of one person for the Public Offer Units in his own name. Multiple applications for the Public Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

You may not submit multiple applications for the Public Offer Units via the Public Offer Units Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Units by way of the Public Offer Units Application Form may not submit another application for the Public Offer Units by way of Electronic Applications and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Units in his own name should not submit any other applications for the Public Offer Units, whether on a printed Application Form or by way of an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Units shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

(7) **Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (via Placement Units Application Forms or such other form of application as the Joint Bookrunners and Underwriters may in its absolute discretion deem appropriate) or (ii) the Placement Units together with a single application for the Public Offer Units.**

(8) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.

(9) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.

(10) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 11 below.

(11) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

(12) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing

Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

(13) Subject to paragraphs 14 to 17 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("**NRIC**") or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with the CDP, your application shall be rejected.

(14) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**

(15) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where it is unlawful to do so. The Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S). The Units are being offered and sold only outside the United States (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

The Manager reserves the right to reject any application for Units where the Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

(16) The Manager reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

(17) The Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of the Manager, the Joint Bookrunners and Underwriters as agents of the Manager, has been authorised to accept, for and on behalf of the Manager, such other forms of application as the Joint Bookrunners and Underwriters may, in consultation with the Manager, deem appropriate.

(18) The Manager reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Manager, nor the Joint Bookrunners and Underwriters will entertain any enquiry and/or correspondence on the decision of the Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Bookrunners and Underwriters may, in consultation with the Manager, deem appropriate. In deciding the basis of allocation, the Manager, in consultation with the Joint Bookrunners and Underwriters, will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

(19) In the event that the Manager lodges a supplementary or replacement prospectus ("**Relevant Document**") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Offering, and the Units have not been issued, the Manager will (as required by law) at the Manager's sole and absolute discretion either:

(a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven days of the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgment of the Relevant Document, notify the Manager whereupon the Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom and at his own risk).

In the event that the Units have already been issued at the time of the lodgment of the Relevant Document but trading has not commenced, the Manager will (as required by law) either:

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgment of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Manager the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(ii) within seven days from the lodgment of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or

(iii) deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgment of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 19(i) and (ii) above to return the Units issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify the Manager of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgment of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

(20) The Units may be reallocated between the Placement Tranche and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Joint Bookrunners and Underwriters, in consultation with the Manager, subject to any applicable laws.

(21) There will not be any physical security certificates representing the Units. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units, a statement of account stating that your CDP Securities Account has been credited with the number of Units allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(22) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Manager, the Joint Bookrunners and Underwriters and any other parties so authorised by CDP, the Manager and/or the Joint Bookrunners and Underwriters.

(23) Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Units by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Bookrunners and Underwriters may, in their absolute discretion, deem appropriate.

(24) By completing and delivering an Application Form and, in the case of (i) an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM, or (ii) in the case of an Internet Electronic Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other button on the IB website screen:

(a) irrevocably agree and undertake to purchase the number of Units specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Unit and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms) and the Trust Deed;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in the Prospectus and its accompanying documents (including the Application Forms) shall prevail;

(c) in the case of an application by way of a Public Offer Units Application Form or an Electronic Application, agree that the Offering Price for the Public Offer Units applied for is due and payable to the Manager upon application;

(d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Joint Bookrunners and Underwriters may in their absolute discretion deem appropriate, agree that the Offering Price for the Placement Units applied for is due and payable to the Manager upon application;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Manager in determining whether to accept your application and/or whether to allocate any Units to you;

(f) (i) consent to the use, processing, collection and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, Unit application details, the outcome of your application (including the number of Offering Units allocated to you pursuant to your application) and other personal data ("**Personal Data**") by the Unit Registrar and Unit Transfer Office, CDP, CPF Board, the CPF Agent Bank, the SGX-ST, the Participating Banks, the Manager, the Trustee, the Sponsor, the Joint Bookrunners and Underwriters and/or other authorised operators (the "**Relevant Parties**") for the purpose of the processing of your application for the Offering Units, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**") and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Manager, the Trustee, the Sponsor, the Joint Bookrunners and Underwriters considers them to be required or desirable in respect of any applicable policy, law, regulation, government

entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the "**Personal Data Privacy Terms**");

(g) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Manager nor the Joint Bookrunners and Underwriters will infringe any such laws as a result of the acceptance of your application;

(h) agree and confirm that you are outside the United States; and

(i) understand that the Units have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. There will be no public offer of the Units in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(25) Acceptance of applications will be conditional upon, *inter alia,* the Manager being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of (i) all Units comprised in the Offering, (ii) the Sponsor Units, (iii) the Cornerstone Units, (iv) all the Units which will be issued to the Manager from time to time in full or part payment of the Manager's fees, and (v) all the Units which will be issued to the Property Manager from time to time in full or part payment of the Property Manager's fees on the Main Board of the SGX-ST;

(b) the Underwriting Agreement, referred to in the section on "Plan of Distribution" in this Prospectus, has become unconditional and has not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted or issued ("**Stop Order**"). The SFA provides that the Authority shall not serve a Stop Order if all the Units have been issued, sold, and listed for quotation on the SGX-ST and trading in them has commenced.

(26) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:

(a) the Units have not been issued (as required by law), all applications shall be deemed to be withdrawn and cancelled and the Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

(b) if the Units have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

(27) In the event that an interim Stop Order in respect of the Units is served by the Authority or other competent authority, no Units shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Units if the Units have been issued and listed on the SGX-ST and trading in them has commenced.

(28) Additional terms and conditions for applications by way of Application Forms are set out in the section below entitled "Additional Terms and Conditions for Applications using Printed Application Forms" on pages F-8 to F-11 of this Prospectus.

(29) Additional terms and conditions for applications by way of Electronic Applications are set out in the section below entitled "Additional Terms and Conditions for Electronic Applications" on pages F-13 to F-19 of this Prospectus.

(30) All payments in respect of any application for Public Offer Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(31) All payments in respect of any application for Placement Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(32) No application will be held in reserve.

(33) This Prospectus is dated 20 July 2016. No Units shall be allotted or allocated on the basis of this Prospectus later than 12 months after the date of this Prospectus.

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out under the section entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages F-1 to F-26 of this Prospectus and the Trust Deed.

(1) Applications for the Public Offer Units must be made using the printed **WHITE** Public Offer Units Application Forms and printed **WHITE** official envelopes "**A**" and "**B**", accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed **BLUE** Placement Units Application Forms (or in such manner as the Joint Bookrunners and Underwriters may in its absolute discretion deem appropriate), accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Manager and the Joint Bookrunners and Underwriters, the Joint Bookrunners and Underwriters, as agents of the Manager, have been authorised to accept, for and on behalf of the Manager, such other forms of application, as the Joint Bookrunners and Underwriters may (in consultation with the Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Units, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

(2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) You must complete all spaces in your Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with EC World REIT's Unit Registrar. The Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 7(c) or 7(d) on page 1 of the Application Form. Where paragraph 7(c) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 7(c) or 7(d), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for your application for the Units in Singapore currency in the following manner:

(a) **Cash only** – You may apply for the Units using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price per Unit, in respect of the number of Units applied for. The remittance must in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**ECWREIT UNIT ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.

No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

(b) **CPF Funds only** – You may apply for the Units using only CPF Funds. Each application must be accompanied by a remittance in Singapore currency for the full amount payable at the Offering Price per Unit, in respect of the number of Units applied for. The remittance must be in the form of a **CPF CASHIER'S ORDER** (available for purchase at the CPF Agent Bank with which you maintain your CPF Investment Account), made out in favour of "**ECWREIT UNIT ISSUE ACCOUNT**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. For additional terms and conditions governing the use of CPF Funds, please refer to page F-26 of this document.

(c) **Cash and CPF Funds** – You may apply for the Units using a combination of cash and CPF Funds, PROVIDED THAT the number of Units applied for under each payment method is in lots of 100 Units or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that applications for Offer Units are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Units must use either cash only or CPF Funds only. No acknowledgement of receipt will be issued for applications and application monies received.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Units, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering the Application Forms, you agree that:

(a) in consideration of the Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are located outside the United States (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsor, the Joint Bookrunners and Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(g) for the purposes of facilitating your application, you consent to the use, processing, collection and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, Unit application details and other Personal Data to the Relevant Parties; and

(h) you irrevocably agree and undertake to purchase the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Manager decides to allocate any smaller number of Units or not to allocate any Units to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Units by Way of Printed Application Forms

(1) Your application for the Public Offer Units by way of printed Application Forms must be made using the **WHITE** Public Offer Units Application Forms and **WHITE** official envelopes "**A**" and "**B**".

(2) You must:

(a) enclose the **WHITE** Public Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope "**A**" provided;

(b) in appropriate spaces on the **WHITE** official envelope "**A**":

(i) write your name and address;

(ii) state the number of Public Offer Units applied for; and

(iii) tick the relevant box to indicate form of payment;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE "A"**;

(d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, the number of Public Offer Units you have applied for;

(e) insert the WHITE official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE OFFICIAL ENVELOPE "B"**; and

(f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, so as to arrive by 12:00 p.m. on 26 July 2016 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for application for the Placement Units where remittance is permitted to be submitted separately, applications for the Public Offer Units not accompanied by any payment or any other form of payment will not be accepted.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms

(1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.

(2) The completed and signed **BLUE** Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Unit in respect of the number of Placement Units applied for, with your name, CDP Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, to arrive by 12:00 p.m. on 26 July 2016 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those under the section "Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore" on pages F-1 to F-26 of this Prospectus, as well as the Trust Deed.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications) and the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications).

(2) For illustration purposes, the procedures for Electronic Applications for Public Offer Units through ATMs and the IB website (together the "**Steps**") are set out in pages F-20 to F-25 of this Prospectus. The Steps set out the actions that you must take at ATMs, or the IB website to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens and the IB website screens of the respective Participating Banks. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Form), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Units through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank.

(4) If you are making an ATM Electronic Application:

    (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Units at an ATM belonging to other Participating Banks.

(b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("**Transaction Record**"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application:

(a) You must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(6) In connection with your Electronic Application for Public Offer Units, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Units and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) that, you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(c) that, for the purposes of facilitating your application, you consent to the collection, use, processing and disclosure, by the relevant Participating Bank, of your name, NRIC/passport number or company registration number, address, nationality, CDP Securities Account number, CPF investment account number, Unit application details and other Personal Data (the "**Relevant Particulars**") from your records with the relevant Participating Bank, to the Relevant Parties; and

(d) where you are applying for the Public Offer Units, that this is your only application for the Public Offer Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the website screen. By doing so, you shall be treated as signifying your confirmation of each of the three statements above. In respect of statement 6(c) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application you confirm that you are not applying for the Public Offer Units as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Units and shall not make any other application for the Public Offer Units whether at the ATMs of any Participating Bank, or the IB websites of the relevant Participating Banks or on the Application Forms. Where you have made an application for the Public Offer Units on an Application Form, you shall not make an Electronic Application for the Public Offer Units and vice versa.

(7) You must have sufficient funds in your bank account and/or your CPF Investment Account with your Participating Bank and/or CPF Agent Bank at the time you make your ATM Electronic Application, or Internet Electronic Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank, as the case may be, through which your Electronic Application is being made shall be rejected.

(8) You may apply and make payment for your application for the Public Offer Units in Singapore currency in the following manner:

(a) **Cash only** – You may apply for the Public Offer Units through any ATM or IB website of your Participating Bank by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(b) **CPF Funds only** – You may apply for the Public Offer Units through any ATM or IB website of your CPF Agent Bank using only CPF Funds by authorising your CPF Agent Bank to deduct the full amount payable from your CPF Investment Account with the respective CPF Agent Bank. For additional terms and conditions governing the use of CPF Funds, please refer to page F-26 of this Prospectus.

(c) **Cash and CPF Funds** – You may apply for the Public Offer Units through any ATM or IB website of your Participating Bank and/or CPF Agent Bank using a combination of cash and CPF Funds, PROVIDED THAT the number of Public Offer Units applied for under each payment method is in lots of 100 Units or integral multiples thereof. Such applications must comply with the requirements for applications by cash and by CPF Funds as set out in the preceding paragraphs. In the event that such applications are accepted in part only, the cash portion of the application monies will be used in respect of such applications before the CPF Funds are used.

An applicant applying for 1,000 Public Offer Units must use either cash only or CPF Funds only.

(9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Units applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event that the Manager decides to allocate any lesser number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the Internet screen) of the number of Public Offer Units applied for shall signify and shall be treated as your acceptance of the number of Public Offer Units that may be allocated to you and your agreement to be bound by the Trust Deed.

(10) The Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted or rejected or accepted in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank or CPF Agent Bank, within 14 Market Days after the close of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks and/or CPF Agent Banks. Therefore, you are strongly advised to consult your Participating Bank and/or CPF Agent Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Units, if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, CPF Board, the Participating Banks, the CPF Agent Banks, the Manager or the Joint Bookrunners and Underwriters assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

(12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB) ("**DBS Bank**")	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com(1)	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited ("**OCBC**")	1800 363 3333	Phone Banking/ATM/Internet Banking http://www.ocbc.com(2)	24 hours a day	Evening of the balloting day
United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("**UOB Group**")	1800 222 2121	ATM (Other Transactions – "IPO Results Enquiry")/Phone Banking/Internet Banking http://www.uobgroup.com(3)	24 hours a day	Evening of the balloting day

Notes:

(1) Applicants who have made Internet Electronic Applications through the Internet Banking website of DBS Bank Ltd. may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.

(2) Applicants who have made Electronic Applications through the ATMs or the Internet Banking website of OCBC may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Applications through the ATMs or the IB website of the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking Services.

(13) ATM Electronic Applications shall close at 12:00 p.m. on 26 July 2016 or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. All Internet Electronic Applications must be received by 12:00 p.m. on 26 July 2016, or such other date(s) and time(s) as the Manager may agree with the Joint Bookrunners and Underwriters. Internet Electronic Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(14) You are deemed to have irrevocably requested and authorised the Manager to:

(a) register the Public Offer Units allocated to you in the name of CDP for deposit into your CDP Securities Account or a nominee of CDP for deposit in the special CPF securities sub-account of the nominee company of the CPF Agent Bank;

(b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank or CPF Agent Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.

(15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the CPF Agent Banks, the Manager, the Joint Bookrunners and Underwriters, and if, in any such event the Manager, the Joint Bookrunners and Underwriters, the relevant Participating Bank and/or the CPF Agent Banks do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Manager, the Joint Bookrunners and Underwriters, the relevant Participating Bank and/or the CPF Agent Banks for any Public Offer Units applied for or for any compensation, loss or damage.

(16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Manager shall reject any application by any person acting as nominee (other than approved nominee companies).

(17) All your particulars in the records of your Participating Bank or CPF Agent Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank or CPF Agent Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank or CPF Agent Bank.

(18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank or CPF Agent Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(19) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Manager making available the Electronic Application facility, through the Participating Banks or CPF Agent Banks acting as agents of the Manager, at the ATMs and IB websites of the relevant Participating Banks:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by the Manager and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not located in the United States (within the meaning of Regulations S);

(b) none of CDP, the Manager, the Joint Bookrunners and Underwriters, the Participating Banks or the CPF Board shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Manager, or CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Manager, the Sponsor, the Joint Bookrunners and Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein; and

(f) you irrevocably agree and undertake to subscribe for the number of Public Offer Units applied for as stated in your Electronic Application or any smaller number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event the Manager decides to allocate any smaller number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final.

Steps for ATM Electronic Applications for Public Offer Units through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS or POSB ATM are shown below. Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

Step 1: Insert your personal DBS or POSB ATM Card.

2: Enter your Personal Identification Number.

3: Select "MORE SERVICES".

4: Select language (for customers using multi-language card).

5: Select "ESA-IPO/Rights Appln/Bonds/SSB/SGS/INVESTMENTS".

6: Select "ELECTRONIC SECURITIES APPLN (IPOS/BONDS/SECURITIES)".

7: Read and understand the following statements which will appear on the screen:

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH CAN BE OBTAINED FROM THE ISSUE MANAGER(S) OR, AS THE CASE MAY BE, THE MANAGER(S) FOR THE OFFER, OR IF APPLICABLE, DBS/POSB BRANCHES IN SINGAPORE AND THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR

REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS. WHERE APPLICABLE, A COPY OF THE SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH ARE AVAILABLE ON OUR WEBSITE HAS BEEN ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND DOES NOT REQUIRE A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE RELEVANT SECURITIES EXCHANGE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

8: Select “ECWREIT” to display details.

9: Press the “ENTER” key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL THE TERMS OF APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS/ OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/ SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCTS HIGHLIGHT SHEET AND/OR NOTICE CIRCULAR.

- FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS OF SECURITIES OF THE ISSUER, SGX, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).

- THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- FOR FIXED AND MAXIMUM PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.

- THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.

- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR NAME AND AT YOUR OWN RISK.

- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/ DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT AND/OR NOTICE/CIRCULAR.

- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOTED/ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR.

10: Select your nationality.

11: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12: Enter the number of securities you wish to apply for using cash.

13: Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account Number has already been stored in DBS Bank's records).

14: Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

15: Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Application for Public Offer Units through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below.

Step 1: Click on DBS Bank website (www.dbs.com)

2: Login to Internet banking.

3: Enter your User ID and PIN.

4: Enter your DBS Bank iB Secure PIN

5: Select "Electronic Security Application (ESA)".

6: Click "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore.

7: Select your country of residence and click "Next".

8: Click on "ECWREIT" and click "Next".

9: Click on "Next" to confirm, among others:

- You have read, understood and agreed to all terms of application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.

- For the purposes of facilitating your application, you consent to the bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, CDP, CPF, issuer/vendor(s) and issue manager(s).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "U.S. person" (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

- For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the term of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refunds credited in S$ at the same exchange rate.

- For 1ST-COME-1ST SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10: Fill in details for securities application and click "Next".

11: Check the details of your securities application, your CDP Securities Account No. and click "Confirm" to confirm your application.

12: Print the Confirmation Screen (optional) for your reference and retention only.

Terms and Conditions for Use of CPF Funds

(1) If you are using CPF Funds to subscribe for the Units, you must have a CPF Investment Account maintained with a relevant CPF Agent Bank at the time of your application. The CPF Investment Account is governed by the Central Provident Fund (Investment Schemes) Regulations, as may be amended from time to time. CPF Investment Accounts may be opened with any branch of the CPF Agent Banks. If you are applying for the Units through an ATM Electronic Application, you must have an ATM card with that CPF Agent Bank at the time of your application before you can use the ATMs of that CPF Agent Bank to apply for the Units. For an Internet Electronic Application you must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant CPF Agent Bank. Upon the completion of your Internet Electronic Application through the IB website of the relevant CPF Agent Bank, there will be a Transaction Completed Screen of the application which can be printed out by you for your record. This printed record of the Transaction Completed Screen is for your retention and should not be submitted with any printed Application Form.

If you are using CPF Funds to subscribe for the Units through an ATM or IB website (as the case may be), you must subscribe for the Public Offer Shares through the ATM or IB website (as the case may be) of the CPF Agent Bank with which you maintain your CPF Investment Account.

(2) CPF Funds may only be withdrawn for applications for the Units in lots of 100 Units or integral multiples thereof.

(3) If you are applying for the Units using a printed Application Form and you are using CPF Funds to apply for the Units, you must submit a CPF Cashier's Order for the total amount payable for the number of Units applied for using CPF Funds.

(4) Before you apply for the Units using your CPF Funds, you must first make sure that you have sufficient funds in your CPF Investment Account to pay for the Units. You need not instruct the CPF Board to transfer your CPF Funds from your CPF Ordinary Account to your CPF Investment Account. If the balance in your CPF Investment Account is insufficient and you have sufficient investible CPF Funds in your CPF Ordinary Account, the CPF Agent Bank with which you maintain your CPF Investment Account will automatically transfer the balance of the required amount from your CPF Ordinary Account to your CPF Investment Account immediately for you to use these funds to buy a CPF Cashier's Order from your CPF Agent Bank in the case of an application by way of a printed Application Form or submit your application in the case of an application by way of an Electronic Application. The automatic

transfer facility is available until the close of the Public Offer, and the operating hours of the facility are between 8.00 a.m. and 10.00 p.m. from Mondays to Saturdays, and between 8.00 a.m. and 5.00 p.m. on Sundays and public holidays.

(5) The special CPF securities sub-account of the nominee company of the CPF Agent Bank (with whom you maintain a CPF Investment Account) maintained with CDP will be credited with the principal amount of the Units you subscribed for, or such number of Units allocated to you, with CPF Funds.

(6) Where you are using CPF Funds, you cannot apply for the Units as nominee for any other person.

(7) All instructions or authorisations given by you in a printed Application Form or through an Electronic Application are irrevocable.

(8) All information furnished by the CPF Board and the CPF Agent Banks on your authorisation will be relied on as being true and correct. For the purposes of facilitating your application, you consent to the collection, use, processing and disclosure by the relevant CPF Agent Bank of your Relevant Particulars to the Relevant Parties.

This page has been intentionally left blank.

LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

The principal directorships, other than those held in the Manager, and the principal past directorships in the last five years of each of the directors and executive officers (named in "The Manager and Corporate Governance") of the Manager are as follows:

(A) Directors of the Manager

(1) Mr Zhang Guobiao

Current Directorships

Forchn Holdings Group Co., Ltd.
Oriental Merchant Co., Ltd.
Zhang Xiao Quan Co., Ltd. Singapore
Fortune Holdings Pte. Ltd.
Forchn Investments (Singapore) Pte. Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Fu Zhou E-commerce Co., Ltd.

(2) Mr Chan Heng Wing

Current Directorships

Banyan Tree Holdings Limited
Club Street Social Pte. Ltd.
Frasers Centrepoint Limited
Precious Quay Pte. Ltd.
Precious Treasure Pte Ltd
Shanda Games Ltd.
Pistola Pte. Ltd.
Fusang Corp
Fusang Investment Office Pte. Ltd.
Fusang Family Office Pte. Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Fraser and Neave Limited
Halogen Foundation (Singapore)
Singapore Centre for Chinese Language Limited

(3) Mr Wong See Hong

Current Directorships

Frasers Hospitality Asset Management Pte. Ltd.
Frasers Hospitality Trust Management Pte. Ltd.
Halftime Limited

Past Directorships (for a period of five years preceding the Latest Practicable Date)

BOCHK Asset Management Limited
BOC Group Life Assurance Company Limited
BOCI-Prudential Trustee Limited
Civil Service College, Singapore Prime Minister's Office

(4) Mr Chia Yew Boon

Current Directorships

Catalyst Advisors 3D Group Holdings Private Limited
Catalyst Advisors International Private Limited
Catalyst Advisors Private Ltd.
Technovator International Limited
Catalyst Stirling Fort Pharma Fund Segregated Portfolio Company

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Zana Capital Pte. Ltd.
Zana Asia Fund Limited

(5) Mr Li Guosheng

Current Directorships

Horizonline Pte Ltd
Ningbo Hi-tech Innotec Co Ltd
Ningbo Horizonline Technologies Co. Ltd.
Golden Ox Services Pte Ltd
Tuarus Commercial Services Pte. Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Yi Solution Pte. Ltd.

(6) Mr Lai Hock Meng

Current Directorships

Delong Holdings Ltd
PureCircle Ltd
Champ Buyout III Pte Ltd
Char Yong (Dabu) Foundation Limited
Fullwealth Investment Pte. Ltd.
Prorich Investment Pte. Ltd.
Richwin Investment Pte. Ltd.
Richport Investment Pte. Ltd.
Magnasset Investment Pte. Ltd.

Past Directorships (for a period of five years preceding the Latest Practicable Date)

Singapore Chinese Orchestra Company Ltd
Yin Tai Bio-Technology Pte Ltd
China Dredging & Engineering Pte Ltd
China Energy Limited
China Essence Group Ltd
Advance SCT Limited
WE Holdings Ltd
Nanjing He Ding Investment Management Co., Ltd
Metax Engineering Corp Limited
Star Castle Capital (Singapore) Pte Ltd
C Y Foundation Group Limited
Xpress Holdings Ltd
China Oilfield Technology Services Group Ltd
Guangxi & Gaozhou Association
Anomaly Interactive Pte Ltd
The China Society, Singapore
Expert Global Management Limited
Kingbox (Asia) Limited
Kingbox Manufacturing Limited
CY Management Limited
Ace Advantage Developments Limited
Ace Plus Limited
Ace Precise International Limited
Best Max Holdings Limited
Lucky Zone Holdings Limited
Perfect Ace Global Limited
Science Power Limited
Silkway Holdings Limited
Number One Ventures Limited
Villaway Limited
Expert Dragon Limited
FA Systems Automation(s) Pte Ltd
PureCircle (Shanghai) Co., Ltd
PureCircle (Jiangxi) Co., Ltd
CFM Holdings Limited
ASTI Holdings Limited
HML Consulting Group Pte Ltd
Dexin Steel Pte Ltd

(7) Mr Goh Toh Sim

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Fullwealth Investment Pte. Ltd. Prorich Investment Pte. Ltd. Richwin Investment Pte. Ltd. Richport Investment Pte. Ltd. Magnasset Investment Pte. Ltd.	Keppel Land China Pte Ltd Singapore-Suzhou Township Development Pte Ltd Singapore Tianjin Eco-City Investment Holdings Pte. Ltd. (formerly known as Gracewood Investments Pte. Ltd.) Keppel Group Eco-City Investments Pte. Ltd. Substantial Enterprises Limited Tianjin Eco-City Water Investment & Construction Co., Ltd Tianjin Eco city Keppel New Energy Development Co., Ltd Changzhou Fushi Housing Development Pte. Ltd Twister Investments Limited

(B) Executive Officers of the Manager

(1) Mr Lai Hock Meng

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Please see above.	Please see above

(2) Mr Goh Toh Sim

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Please see above.	Please see above

(3) Ms Huang Jian

Current Directorships	Past Directorships (for a period of five years preceding the Latest Practicable Date)
Nil	Nil

EC WORLD REAL ESTATE INVESTMENT TRUST

MANAGER

EC World Asset Management Pte. Ltd.
8 Shenton Way
#37-03 AXA Tower
Singapore 068811

SPONSOR

Forchn Holdings Group Co., Ltd.
No. 338 Zhoujiazhai,
Linjiang Village,
Sanlin Town, Pudong,
Shanghai, the PRC

SOLE FINANCIAL ADVISER, GLOBAL COORDINATOR AND ISSUE MANAGER

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

JOINT BOOKRUNNERS AND UNDERWRITERS

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre
Tower 3
Singapore 018982

Bank of China Limited, Singapore Branch
4 Battery Road
Bank of China Building
Singapore 049908

China International Capital Corporation (Singapore) Pte. Limited
6 Battery Road, #39-01
Singapore 049909

Maybank Kim Eng Securities Pte. Ltd.
50 North Canal Road
Singapore 059304

TRUSTEE

DBS Trustee Limited
12 Marina Boulevard Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

LEGAL ADVISERS

Legal Adviser to the Offering, and to the Manager and the Sponsor
Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

Legal Adviser to the Sole Financial Adviser, Global Coordinator and Issue Manager and Joint Bookrunners and Underwriters as to Singapore Law
Clifford Chance Pte. Ltd.
12 Marina Boulevard, 25th Floor
Marina Bay Financial Centre
Tower 3
Singapore 018982

Legal Adviser to the Manager as to PRC Laws
Beijing Jincheng Tongda & Neal
10th Floor, China World Tower
No.1 Jianguo Menwai Avenue
Beijing, China 100004, China

Legal Adviser to the Sole Financial Adviser, Global Coordinator and Issue Manager and Joint Bookrunners and Underwriters as to PRC Laws
King & Wood Mallesons
40th Floor, Office Tower A, Beijing
Fortune Plaza
7 Dongsanhuan Zhonglu,
Chaoyang District, Beijing,
100020, China

Legal Adviser to the Trustee
Shook Lin & Bok LLP
1 Robinson Road #18-00
AIA Tower
Singapore 048542

REPORTING AUDITOR

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PwC Building
Singapore 048424

INDEPENDENT TAX ADVISER

PricewaterhouseCoopers Singapore Pte. Ltd.
8 Cross Street #17-00
PwC Building
Singapore 048424

UNIT REGISTRAR AND UNIT TRANSFER OFFICE
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT VALUERS

Colliers International (Hong Kong) Limited
Suite 5701 Central Plaza
18 Harbour Road Wanchai, Hong Kong

Savills Valuation and Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

INDEPENDENT MARKET RESEARCH CONSULTANT

Analysys Consulting Ltd.
19 Huajiadi Beili,
Wangjing Tower, Bldg C
Chaoyang District,
Beijing 100102

EC World

运 通 网 城 REIT