
**EC WORLD REAL ESTATE INVESTMENT TRUST (“EC WORLD REIT”)
UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER 2016 AND FINANCIAL
YEAR ENDED 31 DECEMBER 2016**

INTRODUCTION

EC World REIT is a Singapore-domiciled real estate investment trust that was listed on SGX-ST on 28 July 2016. EC World REIT was constituted as a private trust by the trust deed dated 05 August 2015. EC World Asset Management Pte. Ltd is the Manager of the EC World REIT (“Manager”) and DBS Trustee Limited is the trustee of EC World REIT (“Trustee”).

EC World 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 in the People’s Republic of China (“PRC”).

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 Distribution Per Unit (“DPU”) and net asset value (“NAV”) per Unit, while maintaining an appropriate capital structure for EC World REIT.

The portfolio of EC World REIT, constituted at IPO, comprises six properties located in Hangzhou, the PRC, with an aggregate net lettable area (“Net Lettable Area” or “NLA”) of 698,478 square meters. The six properties are:

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

Capitalised terms used herein, unless otherwise defined, have the meanings as defined in the prospectus of EC World REIT dated 20 July 2016 (the “Prospectus”).

<p>DBS Bank Ltd. is the sole financial adviser, global coordinator and issue manager for the initial public offering of EC World REIT. 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 initial public offering of EC World REIT.</p>

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Summary Results of EC World REIT

		Group					
		1.10.16 to 31.12.16			28.7.16 to 31.12.16		
		Actual	Forecast ⁽¹⁾	Change	Actual	Forecast ⁽¹⁾	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Gross revenue	24,739	23,004	7.5	41,175	39,294	4.8
	Net property income	21,774	20,909	4.1	36,761	35,716	2.9
	Income available for distribution	11,387	11,164	2.0	19,109	19,059	0.3
	Distribution per unit ("DPU") (cents)	(2) 1.463	1.434	2.0	2.454	2.448	0.2
	Annualised distribution yield (%)	(3) 7.19	7.04	2.0	7.06	7.00	0.9

Notes:

- (1) The Forecast figures are derived from the pro-rated Forecast Period 2016 figures disclosed in the Prospectus.
- (2) The distribution to unitholders is based on 100% of the distributable income for the period from 1 October 2016 to 31 December 2016.

The Prospectus (page 96) states that "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."

In the interest of the unitholders, the Manager brought forward the first distribution by EC World REIT and made the first distribution for the period from Listing Date to 30 September 2016 on 28 November 2016. The next distribution for the period from 1 October 2016 to 31 December 2016 will be made on approximately 29 March 2017. The Manager will determine at a later stage whether it will change subsequent distribution periods from a semi-annual basis to quarterly basis.

Distribution and Book Closure Date

Distribution	1 October 2016 to 31 December 2016
Distribution type	Capital distribution
Distribution rate	1.463 cents
Book closure date	2 March 2017
Payment date (est)	29 March 2017

- (3) The annualized distribution yield is on a pro-rata basis:
 - (a) 92 days for the 4th quarter ended 31 December 2016 and
 - (b) 157 days for the full year from the Listing Date to 31 December 2016

based on the IPO price of S\$0.81 per unit. The forecast distribution yield is derived from Forecast Period 2016 figures as disclosed in the Prospectus.

For details, please refer to:

- Item 1(a) Statement of Total Return and Distribution Statement
- Item 9 Variance from Prospect Forecast Statement

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1(a) Statement of Total Return and Distribution Statement

		Group					
		1.10.16 to 31.12.16			28.7.16 to 31.12.16		
<u>Statement of Total Return</u>		Actual	Forecast ⁽¹⁾	Change ⁽²⁾	Actual	Forecast ⁽¹⁾	Change ⁽²⁾
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Notes						
Gross revenue	(3)	24,739	23,004	7.5	41,175	39,294	4.8
Property expenses	(4)	(2,965)	(2,095)	41.5	(4,414)	(3,578)	23.4
Net property income		21,774	20,909	4.1	36,761	35,716	2.9
Finance income		347	900	(61.4)	403	1,537	(73.8)
Finance costs		(6,581)	(6,414)	2.6	(11,225)	(10,956)	2.5
Manager's management fees							
- Base fees		(1,085)	(1,194)	(9.1)	(1,911)	(2,039)	(6.3)
Trustee's fees		(69)	(77)	(10.4)	(121)	(131)	(7.6)
Foreign exchange gain/(loss)	(5)	(1,595)	-	N/M	9,513	-	N/M
Other trust expenses	(6)	(251)	(500)	(49.8)	(2,884)	(4,127)	(30.1)
Net income		12,540	13,624	(8.0)	30,536	20,000	52.7
Net change in fair value of investment properties	(7)	8,625	-	N/M	8,625	-	N/M
Net change in fair value of financial derivatives	(8)	750	-	N/M	(30)	-	N/M
Total return for the financial period before income tax		21,915	13,624	60.9	39,131	20,000	95.7
Income tax expenses	(9)	(7,640)	(3,243)	135.6	(9,851)	(5,540)	77.8
Total return for the financial period after income tax before distribution		14,275	10,381	37.5	29,280	14,460	102.5
<u>Distribution statement</u>							
Total return for the financial period after income tax before distribution		14,275	10,381	37.5	29,280	14,460	102.5
Distribution adjustments	(10)	(2,888)	783	(468.8)	(10,171)	4,599	(321.2)
Total amount available for distribution		11,387	11,164	2.0	19,109	19,059	0.3

N/M - Not Meaningful

Notes:

- (1) The Forecast figures are derived from the pro-rated Forecast Period 2016 figures disclosed in the Prospectus. There are no comparatives for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus, the SGX-ST has allowed EC World REIT to dispense with the requirement to prepare historical pro forma Statements of Total Return.
- (2) Please refer to item 9 – Variance from Prospect Statement for further details.
- (3) Gross revenue comprises gross rental income, warehouse service fee income and other income from the investment properties.

The increase in gross revenue was mainly due to contribution from the sheltered warehouse in Chongxian Port Investment from October 2016 and favorable exchange rate movement.

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- (4) Included as part of the property operating expenses were the followings:

	Group					
	1.10.16 to 31.12.16			28.7.16 to 31.12.16		
	Actual S\$'000	Forecast ⁽¹⁾ S\$'000	Change ⁽²⁾ %	Actual S\$'000	Forecast ⁽¹⁾ S\$'000	Change ⁽²⁾ %
Property maintenance and repair expenses	1,202	159	656.0	1,205	271	344.6
Property management fee	317	313	1.3	540	535	0.9
Business and property-related taxes	1,446	1,623	(10.9)	2,669	2,772	(3.7)
Total property operating expenses	2,965	2,095	41.5	4,414	3,578	23.4

- (5) Included under net change in foreign exchange gain/(loss) were realized foreign exchange gain of S\$11.6 million on settlement of purchase consideration of the PRC property companies, net-off unrealized foreign exchange loss on revaluation of assets and loans in foreign currency.
- (6) Other trust expenses include IPO transaction expenses and stamp duties expensed off, recurring professional and administrative expenses.
- (7) Relates to the higher valuation of investment properties from Listing Date to 31 December 2016. The revaluation exercise was performed by Colliers International (Hong Kong) Limited as at 31 December 2016. The increase in valuation of investment properties is not taxable and is excluded from the computation of the total distributable income.
- (8) Net change in fair value of financial derivatives arose from the revaluation of interest rate swaps and currency options, which were put in place by the Manager to hedge interest rate and currency risks of the REIT.
- (9) Includes the deferred tax on the fair valuation adjustments of investment properties as at 31 December 2016 which has been excluded from the computation of the total distributable income.

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

		Group					
		1.10.16 to 31.12.16			28.7.16 to 31.12.16		
Notes	Actual S\$'000	Forecast ⁽¹⁾ S\$'000	Change ⁽²⁾ %	Actual S\$'000	Forecast ⁽¹⁾ S\$'000	Change ⁽²⁾ %	
	(1,345)	(1,438)	(6.5)	(2,364)	(2,456)	(3.7)	
	(69)	(116)	(40.5)	(118)	(116)	1.7	
	1,085	1,195	(9.2)	1,911	2,040	(6.3)	
	66	131	(49.6)	121	131	(7.6)	
	(8,625)	-	N/M	(8,625)	-	N/M	
	3,629	-	N/M	3,629	-	N/M	
	(750)	-	N/M	30	-	N/M	
	71	-	N/M	329	-	N/M	
	163	1,011	(83.9)	867	1,727	(49.8)	
	3,107	-	N/M	3,575	-	N/M	
	(139)	-	N/M	(11,714)	-	N/M	
	(81)	-	N/M	2,188	3,273	(33.2)	
	(2,888)	783	(468.8)	(10,171)	4,599	(321.2)	

N/M – Not Meaningful

EC World REIT’s current distribution policy is to distribute 100% of 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 for each financial year.

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1(b)(i) Balance Sheet

		Group		REIT	
		31.12.16	31.12.15	31.12.16	31.12.15
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	(1)	103,665	16,032	11,113	-
Financial assets, at fair value through profit or loss	(2)	7,700	-	-	-
Trade and other receivables		36,134	171,969	1,060	-
		147,499	188,001	12,173	-
Non-current assets					
Trade and other receivables		-	526	241,557	-
Investment properties	(3)	1,333,297	1,383,809	-	-
Investment property under development	(4)	-	55,148	-	-
Investment in subsidiaries		-	-	N/M	-
		1,333,297	1,439,483	241,557	-
Total assets		1,480,796	1,627,484	253,730	-
LIABILITIES					
Current liabilities					
Trade and other payables		25,594	375,321	3,578	167
Borrowings	(5)	2,206	89,361	-	-
Derivative financial liabilities	(6)	30	-	30	-
Current income tax liabilities		10,798	4,248	1	-
		38,628	468,930	3,609	167
Non-current liabilities					
Borrowings	(5)	396,624	205,993	194,855	-
Deferred income tax liabilities	(7)	258,408	232,875	-	-
Trade and other payables	(1)	60,376	-	-	-
Government grant	(8)	702	769	-	-
		716,110	439,637	194,855	-
Total liabilities		754,738	908,567	198,464	167
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		726,058	718,917	55,266	(167)
Represented by:					
Unitholders' funds	(9)	784,985	729,030	55,266	(167)
Foreign currency translation reserve		(58,927)	(10,113)	-	-
		726,058	718,917	55,266	(167)

N/M - Not Meaningful

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Notes

- (1) Includes RMB301.7 million (S\$62.8 million) security deposits received from the Master Lease tenants. The security deposits were placed with DBS Bank (China) Limited which has good credit-rating.
- (2) Relates to the funds placed in structured deposits.
- (3) Represents the carrying values of the investment properties based on independent valuations carried out by Colliers International (Hong Kong) Limited as at 31 December 2016. The investment properties are pledged as security for the borrowings of EC World REIT and its subsidiaries (the “**Group**”).
- (4) Development Properties referred to the development of the Stage 2 Properties of Bei Gang Logistics which were transferred back to Forchn Holdings Group Co., Ltd. (the “**Sponsor**”) prior to Listing Date.
- (5) Please refer to item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (6) This relates to:
- (a) the fair value of the foreign currency contract and
(b) the fair value of the 3 years plain vanilla interest rate swap entered into to hedge the interest rate for 50% of the Offshore Facility (as defined below).
- (7) Relates mainly to the deferred tax liability arising from the increase in valuation of investment properties in China.
- (8) The Group received grants from the local government authority in the PRC 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 and Distribution Statement over the life of the depreciable asset.
- (9) Please refer to item 1(d)(i) Statement of Changes in Unitholders’ Funds for details.

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

	Group		REIT	
	31.12.16	31.12.15	31.12.16	31.12.15
	S\$’000	S\$’000	S\$’000	S\$’000
Secured borrowings				
Amount repayable in one year or less	2,206	89,361	-	-
	2,206	89,361	-	-
Amount repayable after one year	406,758	205,993	200,000	-
Less: Unamortised debt issuance costs	(10,134)	-	(5,145)	-
	396,624	205,993	194,855	-
Total borrowings	398,830	295,354	194,855	-

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Note:

Details of Collaterals and Borrowings

EC World REIT has an aggregate amount of RMB1,004.2 million (S\$209.0 million) Onshore secured term loans facility (the “**Onshore Facilities**”) and a S\$200 million syndicated secured term loan facility (the “**Offshore Facility**”).

The key terms of the Onshore Facilities and the Offshore Facility are as follows:

(a) Onshore Facilities

EC World REIT has put in place a 3-year RMB1,004.2 million (S\$209.0 million) syndicated secured term loan facility. The portion of the loan amounting to RMB10.6 million (S\$2.2 million) due for repayment in one year or less has been classified as current liability.

The facilities are secured by way of:

- A pledge over investment properties of the Group;
- A 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 to the onshore security agent (being DBS Bank (China) Limited) as the first beneficiary.

The annualized all-in interest rate for the quarter and financial year ended 31 December 2016 was 6.1%.

(b) Offshore Facility

EC World REIT has a 3-year S\$200 million syndicated secured term loan facility secured by way of:

- A pledge over entire issued equity interest of certain subsidiaries of EC World REIT;
- A pledge over the Investment Properties of the Group; and
- A first priority account charge over all the bank accounts of EC World REIT and its subsidiaries relating to and/or in connection with the Investment Properties of the Group and any process relating to Investment Properties of the Group

The annualized all-in interest rate for the quarter and financial year ended 31 December 2016 was 4.7%.

As at 31 December 2016, the above facilities were fully drawn. 50% of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps.

The annualized all-in interest rate for the EC World REIT was 5.4%. The Aggregate Leverage for the Group as at the end of the period was 27.6% as compared to 28.9% as at Listing Date.

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1(c) Cash Flows Statement

		Group	
		1.10.16 to 31.12.16 ⁽¹⁾	28.7.16 to 31.12.16 ⁽¹⁾
		S\$'000	S\$'000
	Notes		
Cash Flows from Operating Activities			
Total return for the financial year/period		14,275	29,280
Adjustments for:			
- Income tax		7,640	9,851
- Interest income		(347)	(403)
- Finance cost		6,581	11,225
- Effect of straightling of step-up rental		(1,345)	(2,364)
- Effect of security deposits accretion		(707)	(1,193)
- Fair value loss/(gain) on derivative instruments		(750)	30
- Fair value (gain)/loss on investment properties		(8,625)	(8,625)
- Trustee-Manager's fees payable in units		1,085	1,911
- Exchange (gain)/loss		(1,733)	2,201
Operating cash flow before working capital change		16,074	41,913
Changes in working capital:			
Trade and other receivables		(21,110)	21,663
Trade and other payables		6,819	4,345
Cash generated from operating activities		1,783	67,921
Interest received		347	403
Net cash provided by operating activities		2,130	68,324
Cash Flows from Investing Activities			
Additions to investment properties		(3,792)	(3,792)
Placement in structured deposits		(7,700)	(7,700)
Net cash outflow from investing activities		(11,492)	(11,492)
Cash Flows from Financing Activities			
Repayment of borrowings		-	(204,646)
Distribution to unitholders		(7,715)	(7,715)
Proceeds from borrowings (net)	(2)	-	392,836
Interest paid		(6,187)	(6,187)
Proceeds from new issue of shares	(2)	-	629,785
Issuance costs	(2), (3)	(754)	(12,324)
Redemption of existing units		-	(545,936)
Payment of purchase considerations		-	(230,128)
Net cash outflow from financing activities		(14,656)	15,685
Net increase in cash and cash equivalents		(24,018)	72,517
Cash and cash equivalents at beginning of financial period		111,801	6,357
Effects of exchange rate changes on cash and cash equivalents		15,882	24,791
Cash and cash equivalents at the end of financial period		103,665	103,665

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- (1) There are no comparatives for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus, the SGX-ST has allowed EC World REIT to dispense with the requirement to prepare historical pro forma financial statements.
- (2) The proceeds from the issuance of new units and borrowings were used substantially for the redemption of units from the initial unitholder, acquisition of properties, payment of issuance costs and financing costs.
- (3) Issuance costs comprised professional and other fees, underwriting and selling commission and miscellaneous issue expenses. Such issue expenses were incurred in accordance to transaction costs as disclosed in the Prospectus.

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

	Group		REIT	
	1.10.16 to 31.12.16 ⁽¹⁾	28.7.16 to 31.12.16 ⁽¹⁾	1.10.16 to 31.12.16 ⁽¹⁾	28.7.16 to 31.12.16 ⁽¹⁾
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Balance as at beginning of the period	706,128	691,123	(5,570)	(423)
Total return after tax	14,275	29,280	(3,746)	(8,893)
Balance as at end of the period	720,403	720,403	(9,316)	(9,316)
UNITHOLDERS' CONTRIBUTION				
Balance as at beginning of the period	73,051	-	73,051	-
Movement during the period				
- Issue of units on listing	-	629,785	-	629,785
- Redemption of existing units	-	(545,936)	-	(545,936)
- Issuance costs	(754)	(12,324)	(754)	(12,324)
- Manager's base fees paid in units	-	772	-	772
- Distributions to unitholders	(7,715)	(7,715)	(7,715)	(7,715)
Balance as at end of the period	64,582	64,582	64,582	64,582
FOREIGN CURRENCY				
TRANSLATION RESERVE				
Balance as at beginning of the period	(74,809)	(83,718)	-	-
Translation differences relating to financial statements of foreign subsidiaries	15,882	24,791	-	-
Balance as at end of the period	(58,927)	(58,927)	-	-
Total Unitholders' funds as at end of the period	726,058	726,058	55,266	55,266

Notes

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Notes

- (1) There are no comparatives for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus, the SGX-ST has allowed EC World REIT to dispense with the requirement to prepare historical pro forma financial statements.
- (2) Issuance costs comprised professional and other fees, underwriting and selling commission and miscellaneous issue expenses.
- (3) This represents the value of units issued to the Manager as consideration of manager’s base fees incurred for the period at an issue price based on the 10 business day volume weighted average price (“**VWAP**”) of EC World REIT traded on the SGX-ST.

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

		Group and REIT	
		1.10.16 to 31.12.16 ⁽¹⁾	28.7.16 to 31.12.16 ⁽¹⁾
		Units	Units
Balance as at beginning of period		777,512,000	-
New units issued:			
- Placement at listing		-	777,512,000
- Manager's base fees paid in units		1,003,845	1,003,845
Issued units as at the end of period		778,515,845	778,515,845
New units to be issued			
- Manager's base fees payable in units	(2)	1,602,004	1,602,004
Total issued and to be issued units		780,117,849	780,117,849

Note

- (1) There are no comparatives for the corresponding period of the immediately preceding financial year. As disclosed in the Prospectus, the SGX-ST has allowed EC World REIT to dispense with the requirement to prepare historical pro forma financial statements.
- (2) These are additional units to be issued to the Manager as consideration of manager’s base fees incurred for the period at an issue price based on the 10 business day VWAP of EC World REIT traded on the SGX-ST.

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

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

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

Not Applicable

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

EC World REIT has applied the same accounting policies and methods of computation as disclosed in the Prospectus.

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

There is no change in the accounting policies and methods of computation adopted.

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

		Group	
		1.10.16 to 31.12.16	28.7.16 to 31.12.16
Weighted average number of units	Notes (1)	777,872,075	777,722,999
Earnings per unit ("EPU") - Basic and Diluted (cents)		1.84	3.76
Number of units in issue as at end of period		778,515,845	778,515,845
Distribution per unit ("DPU") (cents)	(2)	1.463	2.454
Distribution per unit ("DPU") (cents) - Annualised		5.820	5.721

Notes

(1) Based on weighted average number of units outstanding during the period.

The diluted EPU is the same as the basic EPU as no dilutive instruments were in issue during the period.

(2) DPU was computed and rounded based on the number of units entitled to distribution at the end of the period. Distribution of 1.463 cents per unit for period 1 October 2016 to 31 December 2016 will be paid on approximately 29 March 2017.

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

The calculation of NAV / NTA per unit is based on:

	As at 31.12.16
NAV / NTA of Group - attributable to Unitholders (S\$'000)	726,058
NAV / NTA of REIT (S\$'000)	55,266
Number of units outstanding as at end of each period ('000)	778,516
Group's net asset value per unit (S\$)	0.93
REIT's net asset value per unit (S\$)	0.07

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8. Review of the Performance

Please refer to Item 9 on the review of performance against the pro-rated forecast figures per the Prospectus for the period.

9. Variance from Prospect Statement

(i) Review of performance for the quarter ended 31 December 2016

Gross revenue was S\$24.7 million, S\$1.7 million or 7.5% higher when compared to the pro-rated forecast. Net property income (“NPI”) was S\$21.8 million, S\$0.9 million or 4.1% higher when compared to the pro-rated forecast. The higher NPI was due to additional rental income from the sheltered warehouse in Chongxian Port Investment from October 2016 and favorable exchange rate movement.

Finance income was S\$0.3 million, a shortfall of S\$0.6 million or 61.4% compared to the pro-rated forecast. As announced on 30 September 2016 and 14 October 2016, the Manager had decided to set aside the security deposits to part-finance the potential acquisition of an asset located in the People’s Republic of China from an unrelated third party vendor, instead of using the security deposits to invest in the PRC corporate bonds, after taking into account the current volatile PRC corporate bond market. The variance between the actual and the pro-rated forecast was mainly the result of a lower returns from not investing in the abovementioned bonds.

Finance cost was S\$6.6 million, higher by S\$0.2 million or 2.6% compared to the pro-rated forecast. This was due mainly to currency hedging expense which are off-set by savings in finance cost arising from delay in the Standby Letter of Credit (“**SBLC**”) arrangement.

Distributable income was S\$11.4 million, higher by S\$0.2 million or 2.0% compared to the pro-rated forecast after distribution adjustments (refer to item 1(a) for details).

(ii) Review of performance for the year (from Listing Date) ended 31 December 2016

Gross revenue was S\$41.2 million, higher by S\$1.9 million or 4.8% compared to the pro-rated forecast. NPI was S\$36.8 million, S\$1.0 million or 2.9% higher when compared to the pro-rated forecast. The higher NPI was due to rental income from the sheltered warehouse in Chongxian Port Investment from October 2016 and favorable exchange rate movement.

Finance income was S\$0.4 million, a shortfall of S\$1.1 million or 73.8% compared to the pro-rated forecast. The variance between the actual and the pro-rated forecast was mainly the result of a shortfall in return from not investing in PRC corporate bonds mentioned in (i) above.

Finance cost was S\$11.2 million, S\$0.3 million or 2.5% higher when compared to the pro-rated forecast. This was due mainly to currency hedging expenses which are off-set by savings in finance cost arising from delay in the SBLC arrangement.

Distributable income was S\$19.1 million was in line with the pro-rated forecast after distribution adjustments (refer to item 1(a) for details).

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

Prospects

China's economy¹ expanded 6.7% for the full year 2016 while Hangzhou's GDP growth² was 9.5% in 2016. EC World REIT's 6 assets are all located in Hangzhou, benefiting from the better performance of Hangzhou's economy when compared to the national average across China. The performance of Hangzhou's economy was boosted by the 44.4%³ growth in e-commerce in Hangzhou in 2016.

Chongxian Port continues to enjoy growth in throughput as a result of the urbanization in Hangzhou, driven by the strong 9.5% economic growth. The three Chongxian Port assets (being Chongxian Port Investment, Chongxian Port Logistics and Fu Zhuo Industrial) are expected to enjoy stable rental revenue. In particular, Chongxian Port Investment enjoyed a 4.4% increase in income following the completion of the sheltered warehouse, that involved conversion of 24,108 sq m of storage yard space to warehouse space.

Hengde Logistics provides customized warehousing facilities for tobacco storage by China Tobacco Zhejiang Industrial. The performance of this asset is stable.

According to China's National Bureau of Statistics, online retail sales in China grew 26.2% in 2016, more than double the growth rate of overall retail sales in the country. Stage 1 Properties of Bei Gang Logistics and Fu Heng Warehouse are e-commerce focused assets. Beigang Logistics, which is master-leased, grew its underlying tenancy from 67.5% in June 2016 to 85% in December 2016. Fu Heng Warehouse is also riding on growth in e-commerce.

Barring unforeseen circumstances, the 6 assets in the portfolio are expected to continue to achieve full occupancy.

The Manager is monitoring the progress of the Stage 2 Properties of Bei Gang Logistics and the Fu Zhou e-commerce properties, the two assets which are subject to the right of first refusal granted by the Sponsor to EC World REIT. 50% of the construction of Stage 2 Beigang Logistics has been completed and commenced operation. 80% of the construction of Fu Zhou e-commerce properties has been completed. As part of the Manager's acquisition growth strategy, it will continue to monitor the progress of construction and operations at the ROFR properties. Concurrently, the Manager will also explore acquisition of assets located in China from third parties.

¹ National Bureau of Statistics of China, released on 24th January 2017: <http://www.stats.gov.cn>

² Hangzhou statistics, released on 24th January 2017: <http://www.hzstats.gov.cn>

³ Hangzhou statistics, released on 6th February 2017: <http://www.hzstats.gov.cn>

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11. Distribution

(a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 October 2016 to 31 December 2016

Distribution types: Capital Distribution

Distribution rate: 1.463 cent per unit

Par value of units: Not meaningful

Tax rate: The Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who hold the Units as trading assets, the amount of Capital Distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

Remarks: The distribution to unitholders is based on 100% of the distributable income for the period from 1 October 2016 to 31 December 2016.

(b) Corresponding period of the preceding financial period

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

Not applicable

(c) Date Payable 29 March 2017

(d) Books Closure 2 March 2017
Date/Record Date

12. If no distribution has been declared/(recommended), a statement to that effect.

Not applicable. A distribution has been declared for the period from 1 October 2016 to 31 December 2016.

13. If the Group has obtained a general mandate from Unitholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If not IPT mandate has been obtained, a statement to that effect.

EC World REIT does not have a general mandate from Unitholders for interested person transactions.

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14. Segmental results

	Group			
	Actual			
	1.10.16 to 31.12.16		28.7.16 to 31.12.16	
	S\$'000	%	S\$'000	%
Gross revenue				
- Port logistics	11,226	45.4	18,997	46.2
- Specialised logistics	4,606	18.6	7,259	17.6
- E-commerce logistics	8,907	36.0	14,919	36.2
	24,739	100.0	41,175	100.0
Net property income				
- Port logistics	10,326	47.4	17,699	48.1
- Specialised logistics	3,576	16.4	6,021	16.4
- E-commerce logistics	7,872	36.2	13,041	35.5
	21,774	100.0	36,761	100.0

Please refer to Items 8 and 9 for review of actual performance.

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

Please refer to Sections 8 and 9 for the review of the actual performance of EC World REIT.

16. Breakdown of sales

	Group		
	Actual	Forecast	
	28.7.16 to 31.12.16	28.7.16 to 31.12.16	Change
	S\$'000	S\$'000	%
<u>First half of the year</u>			
Gross revenue	-	-	N/M
Net property income	-	-	N/M
<u>Second half of the year</u>			
Gross revenue	41,175	39,294	4.8
Net property income	36,761	35,716	2.9

N/M - Not Meaningful

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17. Status of Master lease agreements

Property	Commencement date	Remaining term (Year)	Gross revenue received from Listing Date to 31.12.16 (inclusive of VAT) (RMB'000)
Chongxian Port Investment	1 January 2016	4.00	60,232
The Stage 1 Properties of Bei Gang Logistics	1 November 2015	3.84	53,020
Fu Heng Warehouse	1 January 2016	4.00	17,652

18. Breakdown of total distribution for the financial year ended 31 December 2016

In respect of the period:
28 July 2016 to 30 September 2016

Group
28.7.16 to 31.12.16
S\$'000
7,715

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

Gross proceeds of S\$1,035.7 million from the IPO as of 31 December 2016:

Uses	Amount allocated (S\$)	Amount utilised (S\$)	Balance (S\$)
Acquisition of PRC Property Companies	231,003,000	230,127,724	875,276
Repayment of existing loans	205,908,000	205,908,000	-
Redemption	545,936,000	545,936,000	-
Payment of initial paid-in capital	11,545,000	11,429,011	115,989
Transaction costs	29,597,000	26,594,588	3,002,412
Offshore interest reserve requirement	3,798,000	3,798,590	(590)
Working capital	6,060,000	9,628,087	(3,568,087)
Capital expenditure	1,846,000	1,846,000	-
Total	1,035,693,000	1,035,268,000	425,000

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

Specific uses	Amount utilised (S\$)
Interest expenses	1,912,995.00
Distribution for the period from 28 July 2016 (Listing Date) to 30 September 2016	7,715,092.08
Total	9,628,087.08

The Manager will make further announcements via SGXNET on the utilisation of the remainder of the IPO proceeds as and when such funds are materially disbursed.

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

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

21. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Manager hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

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

The Manager hereby certifies that in relation to the distribution to the Unitholders of EC World REIT for the quarter ended 31 December 2016:

- (a) EC World REIT will declare a distribution which is classified as capital distribution from a tax perspective, being derived from 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 listed in Item 1(a)(10).

In accordance to the Trust Deed, EC World REIT’s distribution policy is to distribute 100% 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 for each financial year. The actual distribution will be determined at the Manager’s discretion.

- (b) The Manager is satisfied on reasonable ground that, immediately after making the distributions, EC World REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

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IMPORTANT NOTICE

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

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

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

BY ORDER OF THE BOARD OF
EC WORLD ASSET MANAGEMENT PTE. LTD.
AS MANAGER OF EC WORLD REAL ESTATE INVESTMENT TRUST
(Company Registration No. 20153015N)

Lai Hock Meng
Chief Executive Officer and Executive Director
22 February 2017