
**EC WORLD REAL ESTATE INVESTMENT TRUST (“ECW”)
UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED
31 DECEMBER 2019**

INTRODUCTION

ECW is a Singapore-domiciled real estate investment trust which was listed on Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 28 July 2016 (“Listing Date”). ECW was constituted by the trust deed dated 5 August 2015 (as amended and restated). EC World Asset Management Pte. Ltd. is the manager of ECW (the “Manager”) and DBS Trustee Limited is the trustee of ECW (the “Trustee”).

ECW was established with the investment strategy of investing principally, directly or indirectly, in a diversified portfolio of income-producing real estate which is used primarily for e-commerce, supply-chain management and logistics purposes, as well as real estate-related assets, with an initial geographical focus in the People’s Republic of China (“PRC”).

The Manager’s key financial objectives are to provide unitholders of ECW (“Unitholders”) with an attractive rate of return on their investment through regular and stable distributions to Unitholders and to achieve long-term sustainable growth in Distribution per Unit (“DPU”) and Net Asset Value (“NAV”) per Unit, while maintaining an appropriate capital structure for ECW.

ECW’s portfolio comprises eight properties (collectively known as the “Properties”) located in Hangzhou and Wuhan, the PRC, with an aggregate net lettable area (“Net Lettable Area” or “NLA”) of 960,461 square meters. The Properties are:

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

Fuzhou E-Commerce was acquired on 8 August 2019 by way of acquiring 100% of equity interest in Zhejiang Fuzhou E-Commerce Co., Ltd. (the sole legal and beneficial owner).

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Summary Results of ECW

		Group					
		1.10.19 to 31.12.19	1.10.18 to 31.12.18	Change	1.1.19 to 31.12.19	1.1.18 to 31.12.18	Change
Notes		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(1)	25,862	23,473	10.2	99,128	96,229	3.0
Net property income	(1)	24,475	20,840	17.4	89,737	87,336	2.7
Distribution to Unitholders		12,098	12,441	(2.8)	48,208	48,801	(1.2)
Distribution per unit ("DPU") (cents)	(2)	1.510	1.570	(3.8)	6.047	6.179	(2.1)
Annualised distribution yield (%)							
- Based on share price of S\$0.745 per unit as at 31 December 2019		8.04	9.03	(10.9)	8.12	8.96	(9.3)

Notes:

- (1) The increase in gross revenue and net property income was due to acquisition of Fuzhou E-commerce and rental escalation. After adjusting for effective rent, security deposit accretion and other relevant distribution adjustments in section 1(a)(8), gross revenue and net property income were S\$26.0 million and S\$25.1 million respectively in 4Q19 (4Q18: S\$22.8 million and S\$21.5 million respectively).
- (2) ECW's distribution policy is to distribute at least 90% of distributable income for each financial year on a semi-annual basis. In the interest of the Unitholders, ECW has been making distribution on a quarterly basis since its first distribution on 28 November 2016. For 4Q19, the Manager has resolved to distribute 95.0% of the capital distribution to Unitholders. Please refer to section 1(a) for the distribution statement. The Manager will determine at a later stage whether it will change subsequent distributions periods from a semi-annual basis to quarterly basis. The next distribution for the period from 1 October 2019 to 31 December 2019 will be made on or around 27 March 2020.

Distribution and Record Date

Distribution	1 October 2019 to 31 December 2019
Distribution type	Capital distribution
Distribution rate	1.510 cents
Record date	16 March 2020
Payment date (est)	27 March 2020

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

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1(a) Statement of Total Return and Distribution Statement

<u>Statement of Total Return</u>		Group					
		1.10.19 to 31.12.19	1.10.18 to 31.12.18	Change	1.1.19 to 31.12.19	1.1.18 to 31.12.18	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Notes						
Gross revenue	(1)	25,862	23,473	10.2	99,128	96,229	3.0
Property expenses	(2)	(1,387)	(2,633)	(47.3)	(9,391)	(8,893)	5.6
Net property income		24,475	20,840	17.4	89,737	87,336	2.7
Finance income		342	424	(19.3)	1,788	1,519	17.7
Finance costs		(9,723)	(6,943)	40.0	(32,936)	(27,413)	20.1
Manager's management fees	(3)						
- Base fees		(1,276)	(1,243)	2.7	(4,886)	(4,901)	(0.3)
- Performance fees		-	(74)	N/M	-	(223)	N/M
Trustee's fees		(80)	(72)	11.1	(303)	(289)	4.8
Foreign exchange gain	(4)	1,515	619	>100	414	1,835	(77.4)
Other trust expenses	(5)	(466)	44	N/M	(1,683)	(946)	77.9
Net income		14,787	13,595	8.8	52,131	56,918	(8.4)
Net change in fair value of investment properties	(6)	35,570	5,568	>100	50,342	12,015	>100
Net change in fair value of financial derivatives	(7)	(4,219)	(34)	>100	(4,306)	1,263	N/M
Total return for the financial period before income tax		46,138	19,129	>100	98,167	70,196	39.8
Income tax expenses		(16,924)	(7,402)	>100	(32,946)	(23,261)	41.6
Total return for the financial period after income tax before distribution		29,214	11,727	>100	65,221	46,935	39.0
<u>Distribution statement</u>							
Total return for the financial period after income tax before distribution		29,214	11,727	>100	65,221	46,935	39.0
Distribution adjustments	(8)	(16,473)	714	N/M	(16,370)	2,072	N/M
Total amount available for distribution		12,741	12,441	2.4	48,851	49,007	(0.3)
Distribution to Unitholders		12,098	12,441	(2.8)	48,208	48,801	(1.2)

Notes:

- (1) Gross revenue comprises gross rental income and other income from the investment properties.
- (2) Property expenses comprise property management fee, reimbursable expenses payable to Property Manager and other property related expenses.
- (3) Manager's management fees consist of:
 - (a) A base fee of 10% per annum of the Distributable Income (calculated before accounting for the base fee and the performance fee in each financial year); and
 - (b) A performance fee of 25% per annum of the difference in Distribution per Unit (“DPU”) in a financial year with the DPU in the preceding full financial year (calculated before accounting for performance fee but after accounting for base fee in each financial year) multiplied by weighted average number of Units in issue for such financial year.
- (4) Mainly due to revaluation of loans in foreign currency.
- (5) Other trust expenses include professional fees and other non-property related expenses.
- (6) The investment properties were revalued on 31 December 2019 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.
- (7) The net change in fair value of financial derivatives related to various derivative financial instruments which was put in place by the Manager to hedge interest rate and exchange rate risks.

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

	Group					
	1.10.19 to 31.12.19	1.10.18 to 31.12.18	Change	1.1.19 to 31.12.19	1.1.18 to 31.12.18	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Straight-lining of step-up rental	912	(18)	N/M	2,906	(166)	N/M
Security deposit accretion	23	(2)	N/M	118	(7)	N/M
Manager's base fees paid/payable in units	1,276	1,243	2.7	4,886	4,901	(0.3)
Manager's performance fees payable in units	-	74	N/M	-	223	N/M
Trustee's fees	80	72	11.1	303	289	4.8
Fair value gain on investment properties	(35,570)	(5,568)	>100	(50,342)	(12,015)	>100
Deferred tax charge	12,514	4,559	>100	15,709	7,969	97.1
Fair value loss/(gain) on financial derivatives	4,219	34	>100	4,306	(1,263)	N/M
Amortisation of upfront debt issuance costs	1,486	1,027	44.7	4,725	4,122	14.6
Foreign exchange gain, net (unrealised)	(1,671)	(715)	>100	(564)	(1,974)	(71.4)
Provision of real estate tax	428	-	N/M	1,748	-	N/M
Write-back provision for doubtful debts	(164)	-	N/M	(164)	-	N/M
Others	(6)	8	N/M	(1)	(7)	(85.7)
Total distribution adjustments	(16,473)	714	N/M	(16,370)	2,072	N/M

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1(b)(i) Balance Sheet

		Group		ECW	
		Actual		Actual	
		31.12.19	31.12.18	31.12.19	31.12.18
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
	(1)	119,469	142,127	305	10,011
	(2)	110	329	110	329
		36,876	38,334	1,214	866
		-	-	288,978	241,557
		156,455	180,790	290,607	252,763
Non-current assets					
	(3)	1,567,586	1,335,034	-	-
		-	-	39,588	- *
		1,567,586	1,335,034	39,588	- *
Total assets		1,724,041	1,515,824	330,195	252,763
LIABILITIES					
Current liabilities					
		34,139	23,354	1,874	3,803
		-	-	393,700	-
	(4)	67,889	474,705	15,690	280,746
	(2)	4,301	95	71	95
		11,743	9,153	-	2
		118,072	507,307	411,335	284,646
Non-current liabilities					
	(4)	586,625	-	-	-
	(5)	271,022	262,442	-	-
		63,392	56,917	-	-
		1,005	606	-	-
		922,044	319,965	-	-
Total liabilities		1,040,116	827,272	411,335	284,646
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		683,925	688,552	(81,140)	(31,883)
Represented by:					
UNITHOLDERS' FUNDS		683,925	688,552	(81,140)	(31,883)

* Less than S\$1,000.

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- (1) Includes RMB194.7 million (S\$37.6 million) cash security deposits received from the master leases and cash deposits of RMB359.8 million (S\$69.5 million) placed as collateral for standby letter of credit (“SBLC”) issuance. Deposits were placed with Malayan Banking Berhad Shanghai Branch, United Overseas Bank (China) Limited and Bank of East Asia (China) Limited which have good credit rating.
- (2) This relates to the fair values of the derivative financial instruments entered into to hedge the various risks of ECW. As at 31 December 2019, the derivative instruments entered into were:
- (a) Plain vanilla interest rate swaps (to hedge the interest rate of the Offshore Facility);
 - (b) Cross currency swaps (to hedge the interest rate and foreign exchange rate of the Offshore Facility); and
 - (c) Currency options contracts (to hedge the expected income repatriation from China to Singapore).
- (3) Represents the carrying values of the investment properties, including asset enhancement initiatives, effective rental adjustments and translation differences. The investment properties are pledged as security for the borrowings of ECW and its subsidiaries (collectively, the “Group”).
- (4) Consists of revolving credit facilities and credit facilities drawn down in 3Q2019.
- Please refer to item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (5) Relates mainly to the deferred tax liability arising from the fair valuation of investment properties.
- (6) Please refer to item 1(d)(i) Statement of Changes in Unitholders’ Funds for details.

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

	Group		ECW	
	31.12.19	31.12.18	31.12.19	31.12.18
	S\$’000	S\$’000	S\$’000	S\$’000
Secured borrowings				
Amount repayable in one year or less	68,026	476,918	15,690	281,900
Less: Unamortised debt issuance costs	(137)	(2,213)	-	(1,154)
	67,889	474,705	15,690	280,746
Amount repayable after one year	599,810	-	-	-
Less: Unamortised debt issuance costs	(13,185)	-	-	-
	586,625	-	-	-
Total borrowings	654,514	474,705	15,690	280,746

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Details of Collaterals and Borrowings

As at 31 December 2019, ECW has an aggregate borrowing of RMB975.0 million (S\$188.3 million) (31 December 2018: RMB983.0 million, equivalent to S\$198.2 million) from the onshore secured term loans facility (the “**Onshore Facility**”), S\$300.0 million and US\$86.8 million (S\$116.9 million) from the offshore secured term loan facility (the “**Offshore Facility**”) and S\$62.7 million from the revolving credit facilities.

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

(a) Onshore Facility

ECW has put in place 3-year RMB1,018.0 million (S\$196.6 million) and 10-year RMB77.0 million (S\$14.9 million) secured term loan facility.

The facility is secured by way of:

- i) a first ranking pledge over the entire issued equity interest of the Group’s subsidiary, Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. and a first ranking pledge over 65.98% equity interests of Zhejiang Fuzhou E-Commerce Co., Ltd. held by Wuhan Fute Logistics Co., Ltd.;
- ii) an unconditional and irrevocable guarantee from the Onshore Guarantors on a joint and several basis, where the “Onshore Guarantors” refer to the Group’s subsidiaries Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd., Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd., Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Beigang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd, Zhejiang Fuzhou E-Commerce Co., Ltd., Wuhan Fute Logistics Co., Ltd., Jiayaoyingkai (Shanghai) Supply Chain Management Co., Ltd., and an unconditional and irrevocable guarantee from DBS Trustee Limited (in its capacity as Trustee of ECW) (the “Trustee”);
- iii) a first ranking mortgage over the Properties;
- iv) a pledge of all sales proceeds, rental income and all other revenue derived from the Properties;
- v) an assignment of all material agreements in relation to the Properties;
- vi) an assignment of all insurance policies in relation to the Properties with the onshore security agent (being DBS Bank (China) Limited, Hangzhou Branch) named as the first beneficiary;
- vii) an assignment of all present and future rights and interests of the Onshore Borrowers (which consists of Hangzhou Chongxian Port Investment Co., Ltd., Hangzhou Bei Gang Logistics Co., Ltd., Zhejiang Hengde Sangpu Logistics Co., Ltd. and Zhejiang Fuzhou E-commerce Co., Ltd.), Hangzhou Fu Zhuo Industrial Co., Ltd., Hangzhou Fu Heng Warehouse Co., Ltd., Hangzhou Chongxian Port Logistics Co., Ltd. and Wuqiao Zhonggong Merlot (Hubei) Logistics Co., Ltd. in relation to inter-company debts and shareholder’s loans;
- viii) a subordination deed in relation to the inter-company debts and shareholder’s loans made to the Onshore Borrowers; and
- ix) any other security as may be reasonably required by the lenders.

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The blended all-in interest rate for the quarter and full year ended 31 December 2019 were 6.1% and 6.4% respectively. The blended running interest rate for the quarter and full year ended 31 December 2019 were 5.7% and 5.6% respectively.

(b) Offshore Facility

ECW has 3-year S\$305.6 million and US\$86.8 million (S\$116.9 million) secured term loan facility secured by way of, *inter alia*:

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

The blended all-in interest rate for the quarter and full year ended 31 December 2019 was 5.3%. The blended all-in running interest rate for the quarter and full year ended 31 December 2019 was 4.1%. As at 31 December 2019, S\$300.0 million and US\$86.8 (S\$116.9 million) of the above facility were drawn down and 72.2% of the interest rate risk of the Offshore Facility was hedged using floating to fixed interest rate swaps and cross currency swaps.

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

(c) Revolving Credit Facilities

ECW has put in place an uncommitted revolving credit facilities of S\$120.0 million with Malayan Banking Berhad (“MBB”), United Overseas Bank Ltd (“UOB”) and Bank of East Asia Limited, Singapore Branch (“BEA”). As at 31 December 2019, ECW had drawn down a total of S\$62.7 million short-term loans backed by SBLC issued by Malayan Banking Berhad Shanghai Branch, United Overseas Bank (China) Ltd and Bank of East Asia (China) Limited. The SBLC is collateralised against a total cash deposit of RMB359.8 million (S\$69.5 million). The interest rates ranged from 2.1% to 2.6% per annum for the quarter and from 1.9% to 2.6% per annum for the full year ended 31 December 2019 respectively.

The blended all-in interest rate of the aggregate facilities for the quarter and full year ended 31 December 2019 were 5.2% and 5.4% per annum respectively. The blended all-in running interest rate for the quarter and full year ended 31 December 2019 were 4.4% and 4.5% per annum respectively. The Aggregate Leverage for the Group as at the end of the period was 38.7%.

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1(c) Cash Flows Statement

		Group			
		1.10.19 to 31.12.19	1.10.18 to 31.12.18	1.1.19 to 31.12.19	1.1.18 to 31.12.18
		S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities					
	Total return for the financial period	29,214	11,727	65,221	46,935
	Adjustments for:				
	- Income tax	16,924	7,402	32,946	23,261
	- Interest income	(342)	(424)	(1,788)	(1,519)
	- Finance cost	9,723	6,943	32,936	27,413
	- Effect of straight lining of step-up rental	912	(18)	2,906	(166)
	- Effect of security deposits accretion	(755)	(680)	(2,827)	(2,768)
	- Fair value loss/(gain) on derivative instruments	4,219	34	4,306	(1,263)
	- Fair value gain on investment properties	(35,570)	(5,568)	(50,342)	(12,015)
	- Write-back provision for doubtful receivables	(104)	(116)	(104)	(116)
	- Manager's base fees payable in units	1,276	1,243	4,886	4,901
	- Manager's performance fees payable in units	-	74	-	223
	- Exchange gain	(1,671)	(715)	(564)	(1,974)
	Operating cash flow before working capital change	23,826	19,902	87,576	82,912
	Changes in working capital:				
	Trade and other receivables	(3,233)	3,058	3,177	(407)
	Trade and other payables	(2,999)	1,871	15,016	(4,443)
	Cash generated from operating activities	17,594	24,831	105,769	78,062
	Interest received	342	326	1,788	1,192
	Income tax paid (net)	(1,576)	(1,062)	(15,215)	(15,901)
	Net cash generated from operating activities	16,360	24,095	92,342	63,353
	Cash Flows from Investing Activities				
	Additions to investment properties	(2,468)	(848)	(3,355)	(1,462)
	Refund received/(payment made) for acquisition of subsidiary, net of cash acquired	1,665	-	(152,837)	(28,915)
	Net cash used in investing activities	(803)	(848)	(156,192)	(30,377)
	Cash Flows from Financing Activities				
	Repayment of bank borrowings	(24,752)	-	(537,207)	(2,166)
	Distribution to Unitholders	(11,873)	(12,406)	(48,540)	(48,145)
	Proceeds from bank borrowings	23,546	20,000	667,952	43,900
	Payment of loan transaction fees	(2,022)	-	(15,709)	-
	Interest paid	(7,769)	(4,993)	(23,178)	(19,822)
	SBLC commission paid	(60)	(106)	(355)	(382)
	Settlement of derivative financial instruments (net)	52	54	121	(266)
	Placements of deposits for SBLC facilities	1,212	(22,381)	18,575	(48,801)
	Increase in interest reserves	(82)	(4)	(6,224)	(19)
	Net cash (used in)/generated from financing activities	(21,748)	(19,836)	55,435	(75,701)
	Net (decrease)/increase in cash and cash equivalents	(6,191)	3,411	(8,415)	(42,725)
	Cash and cash equivalents at beginning of financial period	41,008	40,514	43,698	87,150
	Effects of exchange rate changes on cash and cash equivalents	(120)	(227)	(586)	(727)
	Cash and cash equivalents at the end of financial period	34,697	43,698	34,697	43,698

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Notes

- (1) On 8 August 2019, ECW successfully completed the acquisition of Fuzhou E-Commerce. The acquisition was funded by bank borrowings and internal resources. On top of payment of purchase consideration to vendor, ECW also settled US\$35.2 million (S\$48.5 million) shareholder’s loan on behalf of target company to be acquired.
- (2) ECW refinanced its IPO credit facilities in 3Q19. Refer to Item 1(b)(ii) Aggregate Amount of Borrowings and Debt Securities for details.
- (3) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31.12.2019	31.12.2018
	S\$’000	S\$’000
Cash and cash equivalents (as per Balance Sheet)	119,469	142,127
Less:		
- Interest reserves [#]	(15,304)	(9,107)
- Cash collateral for SBLC facilities	(69,468)	(89,322)
Cash and cash equivalents per consolidated statement of cash flows	34,697	43,698

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

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

	Group		Group	
	1.10.19 to 31.12.19	1.10.18 to 31.12.18	1.1.19 to 31.12.19	1.1.18 to 31.12.18
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Balance as at beginning of the period	837,834	793,979	801,827	758,771
Total return after tax	29,214	11,727	65,221	46,935
Transfer to general reserves	(4,868)	(3,879)	(4,868)	(3,879)
Balance as at end of the period	862,180	801,827	862,180	801,827
GENERAL RESERVES				
Balance as at beginning of the period	10,841	6,962	10,841	6,962
Transfer from operations	4,868	3,879	4,868	3,879
Balance as at end of the period	15,709	10,841	15,709	10,841
UNITHOLDERS' CONTRIBUTION				
Balance as at beginning of the period	(54,076)	(8,983)	(20,137)	22,647
Movement during the period				
- Manager's base fees paid in units	2,418	1,252	4,853	4,838
- Manager's performance fees paid in units	-	-	293	523
- Manager's acquisition fees paid in units	1,636	-	1,636	-
- Distributions to unitholders	(11,873)	(12,406)	(48,540)	(48,145)
Balance as at end of the period	(61,895)	(20,137)	(61,895)	(20,137)
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance as at beginning of the period	(128,580)	(102,942)	(103,979)	(70,762)
Translation differences relating to financial statements of foreign subsidiaries	(3,489)	(1,037)	(28,090)	(33,217)
Balance as at end of the period	(132,069)	(103,979)	(132,069)	(103,979)
Total Unitholders' funds as at end of the period	683,925	688,552	683,925	688,552

	ECW		ECW	
	1.10.19 to 31.12.19	1.10.18 to 31.12.18	1.1.19 to 31.12.19	1.1.18 to 31.12.18
	S\$'000	S\$'000	S\$'000	S\$'000
OPERATIONS				
Balance as at beginning of the period	(15,937)	(7,382)	(11,746)	(14,101)
Total return after tax	(3,308)	(4,364)	(7,499)	2,355
Balance as at end of the period	(19,245)	(11,746)	(19,245)	(11,746)
UNITHOLDERS' CONTRIBUTION				
Balance as at beginning of the period	(54,076)	(8,983)	(20,137)	22,647
Movement during the period				
- Manager's base fees paid in units	2,418	1,252	4,853	4,838
- Manager's performance fees paid in units	-	-	293	523
- Manager's acquisition fees paid in units	1,636	-	1,636	-
- Distributions to unitholders	(11,873)	(12,406)	(48,540)	(48,145)
Balance as at end of the period	(61,895)	(20,137)	(61,895)	(20,137)
Total Unitholders' funds as at end of the period	(81,140)	(31,883)	(81,140)	(31,883)

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

	Group and ECW			
	1.10.19 to 31.12.19	1.10.18 to 30.12.18	1.1.19 to 31.12.19	1.1.18 to 31.12.18
	Units	Units	Units	Units
Balance as at beginning of period	795,795,328	790,198,359	792,014,317	784,657,527
- Manager's base fees paid in units	3,206,072	1,815,958	6,564,269	6,667,379
- Manager's performance fees paid in units	-	-	422,814	689,411
- Manager's acquisition fees paid in units	2,204,836		2,204,836	
Issued units as at the end of period	801,206,236	792,014,317	801,206,236	792,014,317
Units to be issued				
- Manager's base fees payable in units for 1.10.19 to 31.12.19	1,690,288	-	1,690,288	-
- Manager's base fees payable in units for 1.10.18 to 31.12.18	-	1,804,183	-	1,804,183
- Manager's performance fees payable in units	-	422,814	-	422,814
Total issued and to be issued units	802,896,524	794,241,314	802,896,524	794,241,314

Note

- (1) These are units to be issued to the Manager as payment for its base fees and performance fees at an issue price which is computed based on the 10 business day volume-weighted average price of ECW traded on the SGX-ST.

The Manager has agreed to receive 100% of its base fee and performance fee in the form of units for the period from the Listing Date to 31 December 2017 as stated in the Prospectus (pages 32 and 119). The Manager may elect to receive base fee and performance fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine) from 2018. The Manager has agreed to receive 100% of its base fee in the form of units for the period from 1 October 2019 to 31 December 2019.

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

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

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

Not applicable.

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

Except as disclosed in item 5 below, ECW has applied the same accounting policies and methods of computation in the preparation of financial statements for the current reporting period compared with the audited financial statement for the financial year ended 31 December 2018.

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

ECW has adopted new Financial Reporting Standards in Singapore (“FRSs”) and interpretations effective for the financial period beginning 1 January 2019 as follows:

(a) FRS 116 *Leases*

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

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

There was no significant impact to the financial statements of the Group. Accordingly, comparative financial information presented in this set of announcement has not been restated.

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

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

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

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

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

	Group			
	1.10.19 to 31.12.19	1.10.18 to 31.12.18	1.1.19 to 31.12.19	1.1.18 to 31.12.18
Weighted average number of units as at end of period	798,415,599	790,711,565	795,151,099	787,740,877
Earnings per unit ("EPU") - Basic and Diluted (cents)	3.66	1.48	8.20	5.96
Number of units entitled to distribution	801,206,236	792,014,317	801,206,236	792,014,317
Distribution per unit ("DPU") (cents)	1.510	1.570	6.047	6.179
Distribution per unit ("DPU") (cents) - Annualised	5.991	6.229	6.047	6.179

Notes

- (1) EPU calculation uses the total return for the period after tax, and the weighted average number of units issued. The diluted EPU is the same as basic EPU as no dilutive instruments were in issue during the period.
- (2) DPU was computed and rounded based on the number of units entitled to distribution at the end of the period. Distribution of 1.51 cents per unit for period from 1 October 2019 to 31 December 2019 will be paid on or around 27 March 2020.

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

	As at 31.12.19	As at 31.12.18
NAV / NTA of Group - attributable to Unitholders (S\$'000)	683,925	688,552
NAV / NTA of REIT (S\$'000)	(81,140)	(31,883)
Number of units outstanding as at end of each period ('000)	801,206	792,014
Group's net asset value per unit (S\$)	0.85	0.87
REIT's net asset value per unit (S\$)	(0.10)	(0.04)

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8. Review of the Performance

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

Gross revenue of S\$25.9 million was S\$2.4 million or 10.2% higher compared to 4Q18. Net property income (“NPI”) of S\$24.5 million was S\$3.6 million or 17.4% higher compared to 4Q18. In RMB terms, the gross revenue and NPI were 13.2% higher and 20.5% higher respectively compared to 4Q18. After straight-line, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms were 17.4% and 19.5% higher respectively compared to 4Q18 mainly due to contribution from Fuzhou E-Commerce which was acquired in August 2019.

Finance costs of S\$9.7 million were S\$2.8 million or 40.0% higher compared to 4Q18. This was mainly due to higher term loan quantum in this quarter compared to same quarter last year.

Distribution to Unitholders was S\$12.1 million, representing S\$0.3 million or 2.8% decrease compared to 4Q18 mainly due to retention of 5% of distributable income.

(ii) Review of performance for the twelve months ended 31 December 2019

Gross revenue of S\$99.1 million was S\$2.9 million or 3.0% higher compared to FY19. Net Property income (“NPI”) of S\$89.8 million was S\$2.4 million or 2.7% higher compared to FY18. In RMB terms, the gross revenue and NPI were 6.5% higher and 6.3% higher respectively compared to FY18. After straight-line, security deposit accretion and other relevant distribution adjustments, the gross revenue and NPI in RMB terms were 10.0% and 9.9% higher respectively compared to FY18 due to contribution from Fuzhou E-Commerce which was acquired in August 2019.

Finance costs of S\$32.9 million were S\$5.5 million or 20.1% higher compared to 2018. This was mainly due to higher term loan quantum.

Distribution to Unitholders was S\$48.2 million, representing S\$0.6 million or 1.2% decrease compared to 2018 largely due to foreign exchange differences, technical timing difference between the loan drawdown and the completion of the acquisition of Fuzhou E-Commerce in 3Q19 as well as the retention of 5% of distributable income in 4Q19.

9. Variance between the forecast

ECW did not disclose any financial forecast to the market.

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

China’s Gross Domestic Product (“GDP”) expanded 6.1%¹ in 2019 despite continued economic headwinds. Growth was mainly driven by domestic consumption and infrastructure. This can be attributed to the Chinese government efforts to steer its economy from an investment and export driven model to one that focuses on domestic consumption, innovation and services.

On a quarter-on-quarter comparison, GDP grew by 6.0% in 4Q2019, the 18th consecutive quarter of economic expansion although the pace has moderated. GDP per capita rose above US\$10,000 first time in history. Total retail sales of consumer goods increased 8.0% year-on-year while online retail sales increased by 16.5% year-on-year¹.

In January 2020, the Chinese government signed phase-one economic and trade agreement with the United States (U.S.) that includes issues ranging from the expansion of bilateral trade in such sectors as agricultural products, manufactured goods, energy and service, to further broadening market access and enhancing the protection of intellectual property rights. U.S. has also agreed to reduce tariffs for Chinese products and further broaden market access to provide more opportunities for both Chinese and U.S. businesses.²

The outbreak of the Corona Virus Disease (“COVID-19”) in China has impacted countries globally. The situation pertaining to the COVID-19 in China remains highly fluid. The Chinese government announced several measures including the lockdown in Wuhan and several other cities, extension of Spring Festival break as well as restriction of movement of people across China, in an effort to control the spread of the COVID-19. While these measures have since been partially lifted, businesses are inevitably impacted. Nevertheless, according to a report by CBRE³, impact of the COVID-19 on industrial and logistics market in China is expected to be limited. As ECW is in the logistics sector catering largely to the e-commerce and specialized logistics sector, it is less exposed compared to businesses with operations that rely largely on human traffic. While long-term fundamentals for the logistics sector in China remain attractive, short term volatility and disruption is to be expected given the severity of control measures implemented in China.

ECW has a portfolio of eight assets of which, one (Wuhan Meiluote) is located in Wuhan, China which accounts for 1.6% of ECW’s portfolio net property income in FY19. The Manager has received notification from a tenant for the non-renewal of 24,929 sqm of space in Wuhan Meiluote in 2QFY20. Due to the COVID-19, Manager expects demand for space in Wuhan to be muted.

As at 31 December 2019, ECW has a weighted average lease of 4.1 years by gross rental income and four out of eight ECW’s assets are under master lease arrangements which provide for fixed rental with built-in escalation. There is no variable rental component under the master lease arrangements.

After an extended Spring Festival break, the operations at ECW REIT’s assets, with the exception of Wuhan Meiluote, have received the necessary permits to restart operations. The Manager understands that several landlords in China has committed to certain rental rebates^{4,5} and thus anticipates similar requests as its tenants switch its operations into full gear (albeit over a period of time). It will evaluate the request on a case-by-case basis and will keep the investing community duly informed of any material development.

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

² Xinhua net: http://www.xinhuanet.com/english/2020-01/20/c_138720634.htm

³ CBRE Research: Greater China ViewPoint - The Wuhan Coronavirus Outbreak: What Does it Mean for Real Estate?

⁴ <https://www.scmp.com/business/companies/article/3048118/chinese-mall-landlords-offer-rent-free-periods-merchants>

⁵ <https://www.zdnet.com/article/china-tech-giants-chip-in-to-combat-coronavirus-global-shows-impacted/>

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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 2019 to 31 December 2019

Distribution types: Capital distribution

Distribution rate: 1.510 cents per unit

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 95.0% of the distributable income for the period from 1 October 2019 to 31 December 2019.

(b) Corresponding period of the preceding financial period

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

Yes. A capital distribution of 1.570 cents per unit was declared for the period from 1 October 2018 to 31 December 2018.

(c) Date Payable (est.) 27 March 2020

(d) Record Date 16 March 2020

12. If no distribution has been declared/(recommended), a statement to that effect and the reason(s) for the decision.

A distribution has been declared for the period from 1 October 2019 to 31 December 2019.

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

ECW does not have a general mandate from Unitholders for interested person transactions.

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14. Segmental results

	Group							
	1.10.19 to 31.12.19		1.10.18 to 31.12.18		1.1.19 to 31.12.19		1.1.18 to 31.12.18	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Gross revenue								
- Port logistics	9,098	35.1	10,999	46.9	41,766	42.2	44,757	46.6
- Specialised logistics	3,507	13.6	3,600	15.3	14,320	14.4	14,785	15.4
- E-commerce logistics	13,257	51.3	8,874	37.8	43,042	43.4	36,687	38.0
	25,862	100.0	23,473	100.0	99,128	100.0	96,229	100.0
Net property income								
- Port logistics	8,900	36.4	10,533	50.5	39,159	43.6	41,678	47.7
- Specialised logistics	3,364	13.7	3,427	16.4	12,916	14.4	13,664	15.6
- E-commerce logistics	12,211	49.9	6,880	33.1	37,662	42.0	31,994	36.7
	24,475	100.0	20,840	100.0	89,737	100.0	87,336	100.0

Please refer to Item 8 for review of actual performance.

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

Please refer to Item 8 for the review of the actual performance.

16. Breakdown of sales

	Group		
	1.1.19 to 31.12.19	1.1.18 to 31.12.18	Change
	S\$'000	S\$'000	%
<u>First half of the year</u>			
Gross revenue	47,591	48,865	(2.6)
Net property income	42,342	44,297	(4.4)
<u>Second half of the year</u>			
Gross revenue	51,537	47,364	8.8
Net property income	47,395	43,039	10.1

Please refer to Item 8 for review of actual performance.

17. Status of Master lease agreements

Property	Commencement date	Remaining term (Years)	Gross revenue received from
			1.1.19 to 31.12.19 (inclusive of VAT) (RMB'000)
Chongxian Port Investment	Existing master lease: 1 January 2016 New master lease: 1 January 2021	5.0	164,483
The Stage 1 Properties of Bei Gang Logistics	Existing master lease: 1 November 2015 New master lease: 1 November 2020	4.8	127,345
Fu Heng Warehouse	Existing master lease: 1 January 2016 New master lease: 1 January 2021	5.0	47,631
Fuzhou E-Commerce	8 August 2019	4.6	34,215

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18. Breakdown of total distribution for the financial period ended 31 December 2019

In respect of the period:

1 January 2018 to 31 March 2018
1 April 2018 to 30 June 2018
1 July 2018 to 30 September 2018
1 October 2018 to 31 December 2018
1 January 2019 to 31 March 2019
1 April 2019 to 30 June 2019
1 July 2019 to 30 September 2019
1 October 2019 to 31 December 2019
(Payable on or around 27 March 2020)

Group	
1.1.19 to 31.12.19	1.1.18 to 31.12.18
S\$'000	S\$'000
-	11,562
-	12,384
-	12,414
-	12,441
11,923	-
12,314	-
11,873	-
12,098	-
48,208	48,801

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

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

20. 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.

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

The Manager hereby certifies that in relation to the distribution to the Unitholders for the quarter ended 31 December 2019:

- (a) ECW will declare a distribution which is classified as capital distribution from a tax perspective, being derived from the consolidated net profit after tax of ECW and its subsidiaries for the financial period, as adjusted to eliminate the effects of adjustments as listed in Item 1(a)(8).

ECW’s distribution policy is to distribute 100% of ECW’s distributable income for the period from the Listing Date to 31 December 2017. Thereafter, ECW will distribute at least 90% of its distributable income for each financial year. The actual distribution will be determined at the Manager’s discretion.

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

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On behalf of the Board of Directors of
EC World Asset Management Pte. Ltd.
(as Manager of EC World Real Estate Investment Trust)

Zhang Guobiao
Chairman and Non-Executive Director

Goh Toh Sim
Executive Director and Chief Executive Officer

IMPORTANT NOTICE

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

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

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

BY ORDER OF THE BOARD OF
EC WORLD ASSET MANAGEMENT PTE. LTD.
AS MANAGER OF EC WORLD REAL ESTATE INVESTMENT TRUST
(Company Registration No. 201523015N)

Goh Toh Sim
Executive Director and Chief Executive Officer
27 February 2020