



CONNECTING
the E-Commerce World



BALANCED
Portfolio of Specialised Assets



EC World
运通网城 REIT

Extraordinary General Meeting

19 June 2019



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What is the Resolution to be Approved?

Ordinary Resolution

The Proposed Acquisitions and the Master Lease Agreements of Fuzhou E-Commerce which constitute a Interested Person Transaction

Forchn Group Holdings Co., Ltd., the sponsor of EC World REIT, and the Manager will abstain, and will procure that their associates will abstain, from voting on the resolution.



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Section A: Transaction Overview



Overview of Fuzhou E-Commerce

A Rare Sizable Integrated E-Commerce Logistics Asset

Asset Overview

Location	No. 9, Mingxing Road, Dongzhou Sub-district, Fuyang District, Hangzhou, PRC
Year of completion	June 2017
The Property	<ul style="list-style-type: none"> One 3-storey warehouse building with a single storey basement for warehouse use Two 14-storey office buildings with a single storey basement for car park use
GFA	<ul style="list-style-type: none"> Warehouse: 171,795 sq m Office and Support Buildings: 42,489 sq m Total: 214,284 sq m
Land area	88,000 sq m
Land tenure	Expiry on 3 May 2059
Master Leases	<ul style="list-style-type: none"> Two master leases for warehouse and office components Tenure: 5 + 5 years Escalation: 2.25% per annum
Committed Occupancy	100%
End-tenant Occupancy	100%

Warehouse Block



Office and Support Buildings



Overview of Fuzhou E-Commerce

A Look inside Fuzhou E-Commerce

Robotic E-Commerce Warehousing Operations



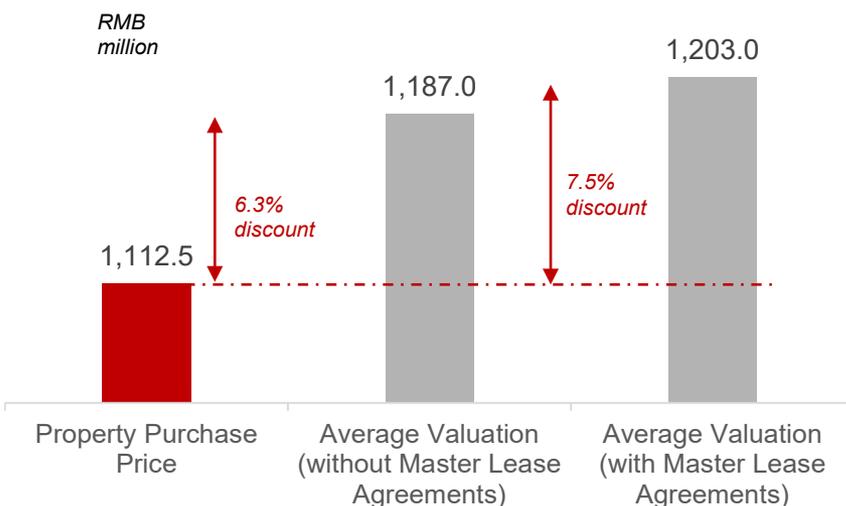
E-Commerce Warehousing Operations



Details of the Proposed Acquisition

Pricing Considerations

Property Purchase Price		RMB million	S\$ million ¹
			1,112.5
Valuation with Master Lease Agreements	Colliers	1,147.0	228.9
	Knight Frank	1,259.0	251.3
Valuation without Master Lease Agreements	Colliers	1,128.0	225.1
	Knight Frank	1,246.0	248.7



Summary

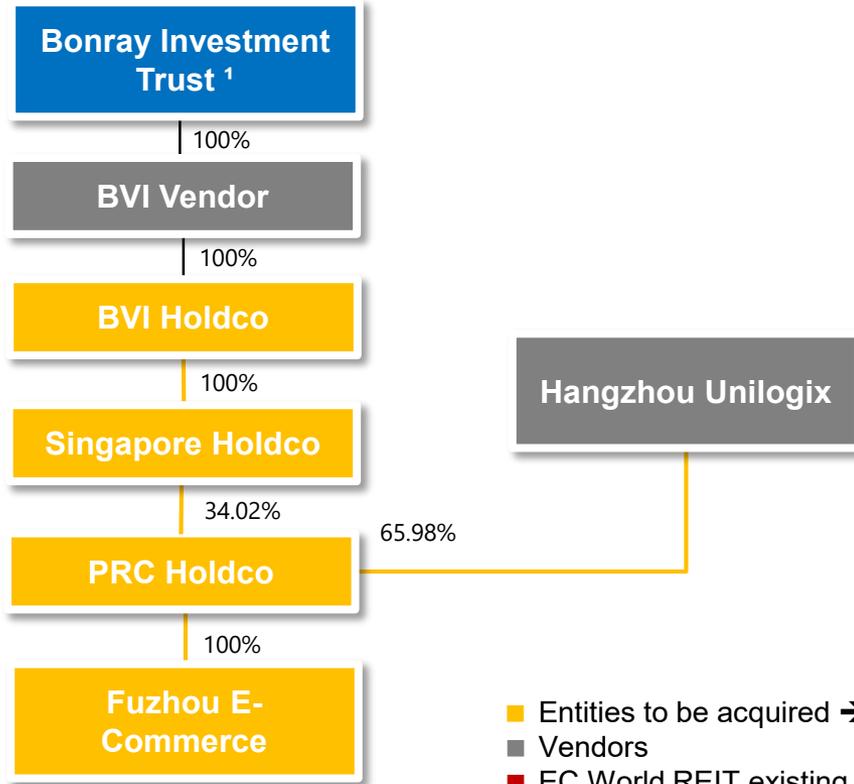
Vendors	<ul style="list-style-type: none"> Flutric Investments Limited - 34.02% Hangzhou Unilogix - 65.98%
Purchase consideration	<ul style="list-style-type: none"> Property Purchase Price: RMB1,112.5 million (S\$222.1 million¹) comprising <ul style="list-style-type: none"> BVI Purchase Consideration²: RMB 206.2 million PRC Purchase Consideration: RMB 343.0 million Total Purchase Consideration: RMB549.2 million (S\$109.6 million)
Acquisition expenses	<ul style="list-style-type: none"> Acquisition fee of RMB8.3 million (S\$1.7 million) payable to the REIT Manager in units Estimated professional and other expenses (including upfront finance costs): RMB38.6 million (S\$7.7 million)
Proposed funding structure	<ul style="list-style-type: none"> Combination of secured debt financing facilities from banks and/or cash
Approvals required	<ul style="list-style-type: none"> Unitholders' approval at an Extraordinary General Meeting Relevant regulatory approvals

¹ Based on an illustrative renminbi exchange rate of S\$1.00 to RMB 5.0100 as at 31 May 2019

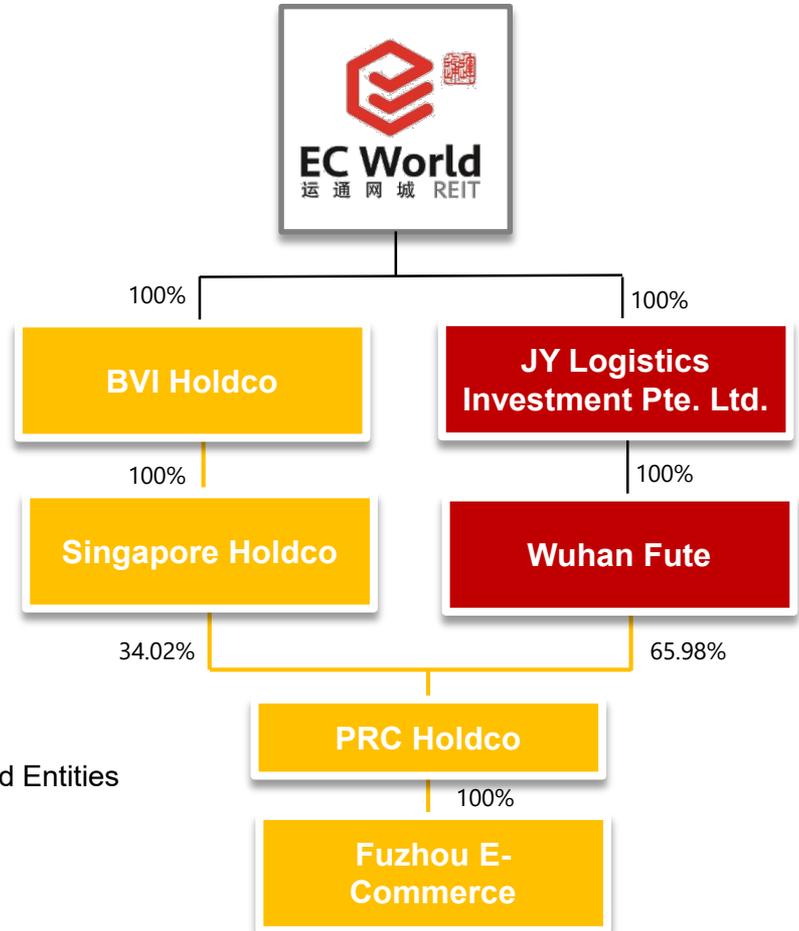
² The estimated borrowings of the BVI Holdco of approximately RMB563.3 million is subject to further adjustments based on the actual amount of net liabilities (excluding the value of the Property) of the BVI Holdco at completion of the BVI Acquisition

Proposed Transaction Structure

Existing Holding Structure (Vendors)



Post Acquisition Holding Structure



(1) A private trust whose sole beneficiary is Wang Guoli. Wang Guoli is the spouse of Zhang Guobiao who is a controlling unitholder of EC World REIT through his 80.0% equity interest in the Sponsor



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Section B: Transaction Rationale and Highlights



Transaction Rationale and Highlights

- 1 Attractive investment in Hangzhou and PRC e-commerce sector
- 2 Ownership of a specialized and integrated e-logistics asset
- 3 Strategic Collaboration with Cainiao Network and Alibaba's Ling Shou Tong ("LST")
- 4 Enlarged portfolio with enhanced focus on the specialised e-commerce logistics sector
- 5 Improves portfolio WALE profile providing greater income visibility
- 6 Yield-Accretive Transaction

1 Attractive Investment in Hangzhou, PRC...

Rising Consumption | Continued Economic Growth



Population (1)
9.8 million

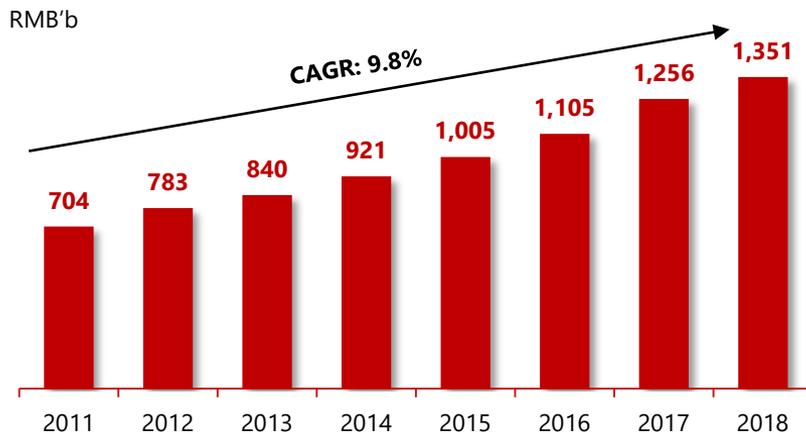
GDP (1)
RMB 1.4 trillion

Capital of Zhejiang Province

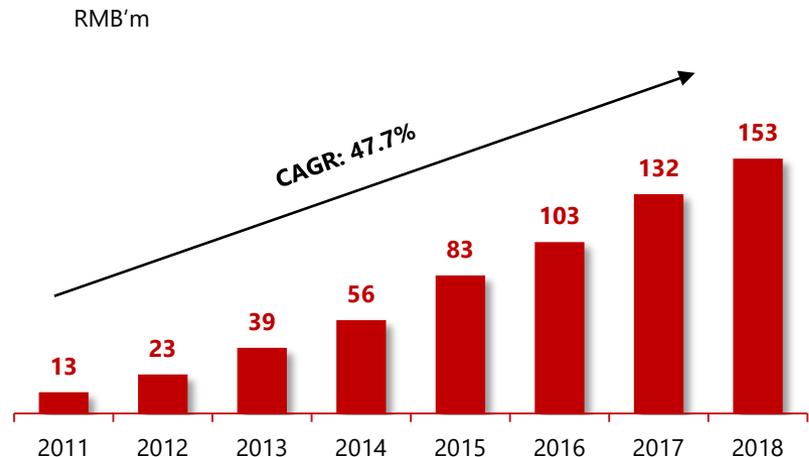
Chinese Capital of E-Commerce

- ✓ One of the **core cities** in the Yangtze River Delta Economic Zone, Hangzhou is positioned as an economic, cultural, science and education centre and a transport hub
- ✓ **Strong economic growth** with GDP growth rates outstripping national average
- ✓ Total **retail sales of consumer goods** in 1Q19 **increased 9.0% to RMB138.2 billion** while **online retail sales increased 48.4% in 1Q19**, a 16.1% year-on-year increase

Strong Economic Growth – GDP (1)



Hangzhou E-Commerce Sector Growth (1)

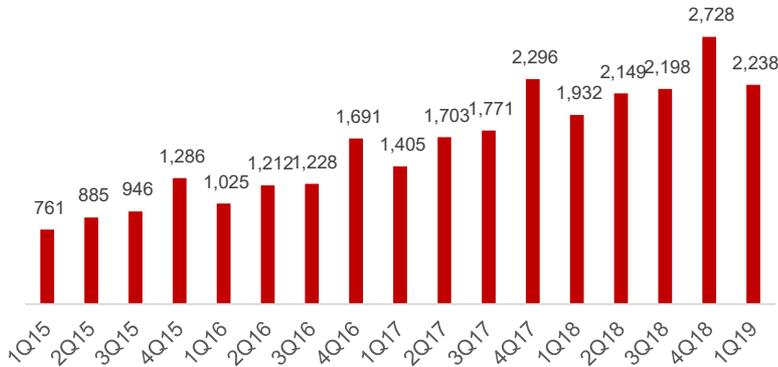


(1) Hangzhou Bureau of Statistics: <http://tjj.hangzhou.gov.cn>

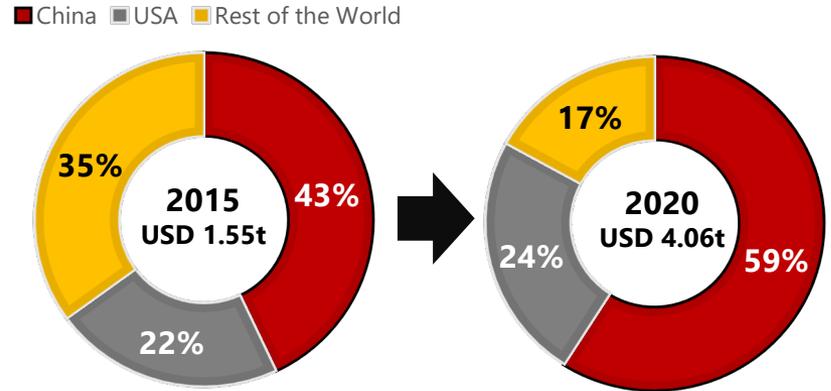
1 ... With Exposure to the Fast Growing PRC E-Commerce Logistics Sector

Continued growth in E-Commerce Sector Driving Demand for Logistics Asset

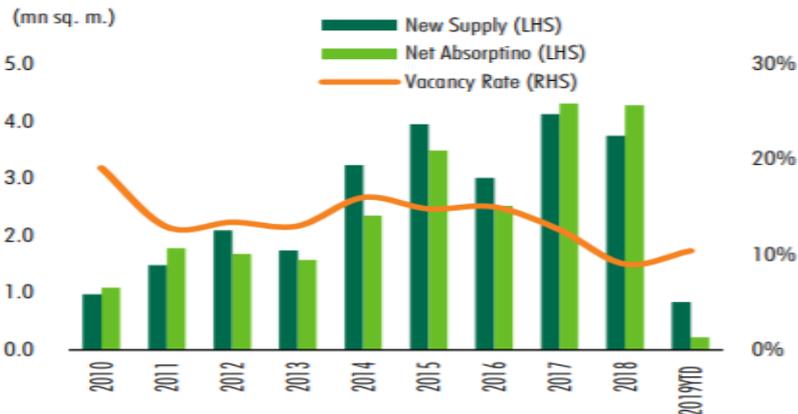
Growing China E-Commerce Sales (RMB Billions)¹



Global E-commerce Landscape³

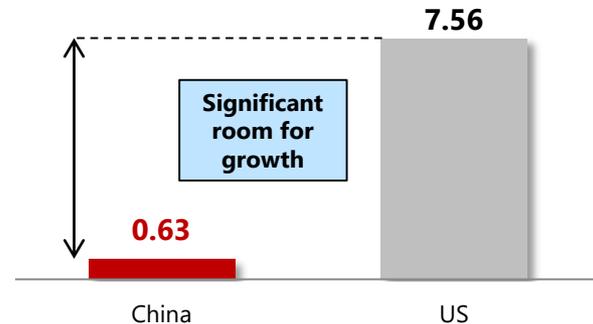


Logistics Supply and Demand in China²



Favorable Supply-demand Dynamics³

Per-Capita Warehouse Area (Sq.m)



(1) China National Bureau of Statistics
 (2) CBRE China Marketview Q12019
 (3) Euromonitor

2

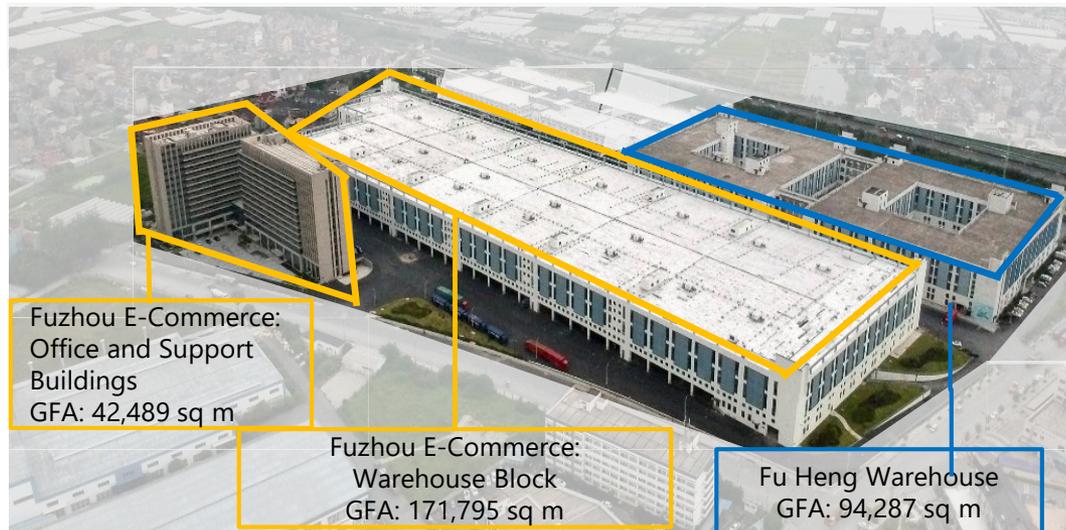
Ownership of a Rare Sizable Integrated E-Commerce Logistics Asset

Strategically Located E-Commerce Logistics and Fulfillment Centre

- ✓ **Adjacent to** one of EC World REIT's existing assets, **Fu Heng Warehouse**, which is also focused on e-commerce related fulfilment activities → enhancing **operational efficiency**
- ✓ Creation of a **combined 308,571 sq m logistics hub** catering to the fulfilment of the rapidly expanding e-commerce demand in Hangzhou and China
- ✓ **Convenient access and transportation:** located within Dongzhou Industrial Zone which is **connected to downtown Hangzhou via Highway G25** and enjoys **convenient water transportation** provided by Fuchun rivers



- ✓ **Well supported** by industry participants such as online market places, brand manufacturers, last mile delivery companies as well as office space and other auxiliary facilities



Total GFA: 308,571 sq m

3

Strategic Collaboration with Cainiao Network and Alibaba's Ling Shou Tong ("LST")

Warehouse Operated by Leading Omni-Channel Logistic Service Provider

- ✓ The Warehouse is operated by Ruyicang (wholly owned subsidiary of the sponsor), a leading E-Commerce logistic services provider in China
- ✓ One of the earliest key partners and service providers of Cainiao network (Alibaba's logistic arm), Ruyicang has warehouse network and sophisticated operational expertise which enables itself to provide topnotch logistics service for not only E-Commerce platforms like Alibaba, JD and VIP.com, but also brands like Coca-Cola, MARS and Unilever.
- ✓ Ruyicang operates more than 30 warehouses in 25 cities¹. It currently manages more than 1 million sqm warehouses and processes more than 1.5 million orders every day

Partnership



Capabilities

Ruyicang LST business operates **132,000 sqm** warehouses, annually processes **7.83 million orders**, **30 million parcels** and **370 million pcs.**

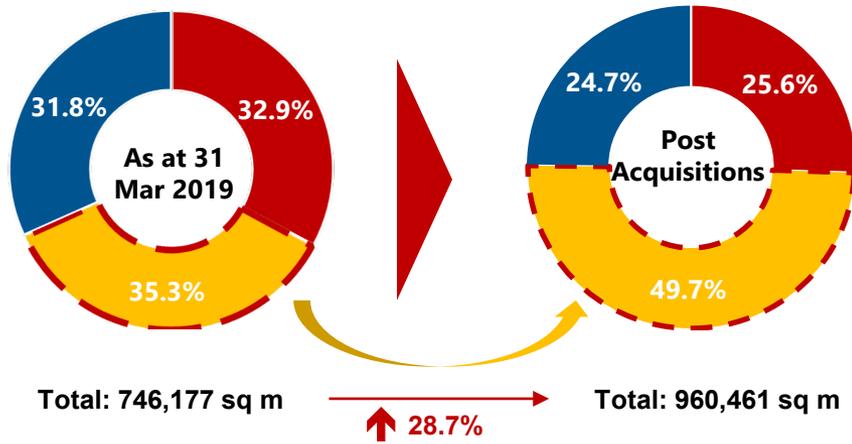


Ruyicang is **1 of 12** designated **logistics service providers** of the Cainiao Network and one of the **top Cainiao Partners**

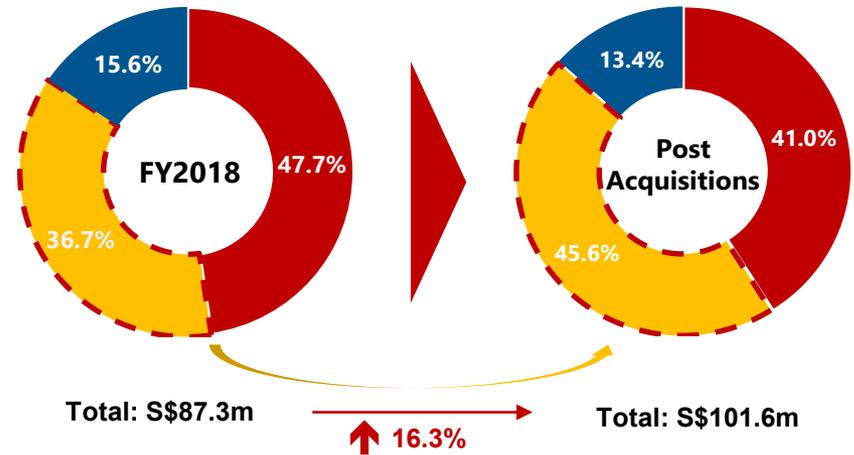
4 Enlarged Portfolio with Enhanced Focus on the E-Commerce Logistics Sector

Larger Portfolio with Increased Exposure to E-Commerce Logistics

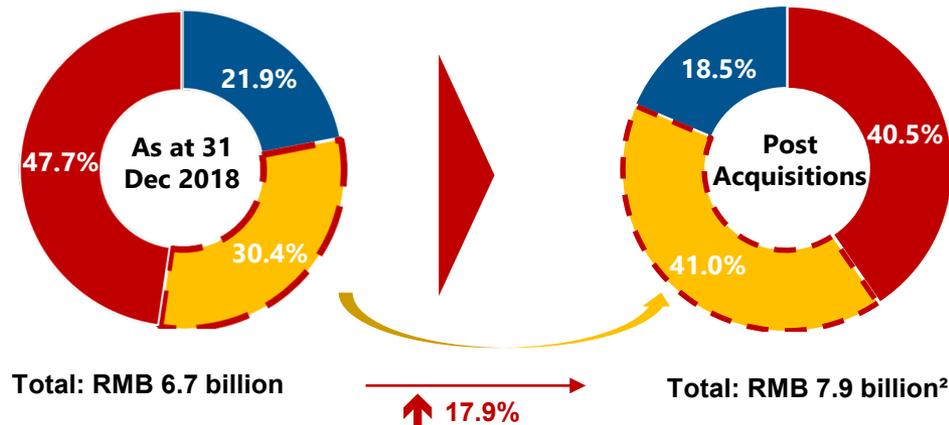
Breakdown by NLA



Breakdown by Net Property Income¹



Valuation (in RMB)



- E-commerce Logistics
- Specialised Logistics
- Port Logistics

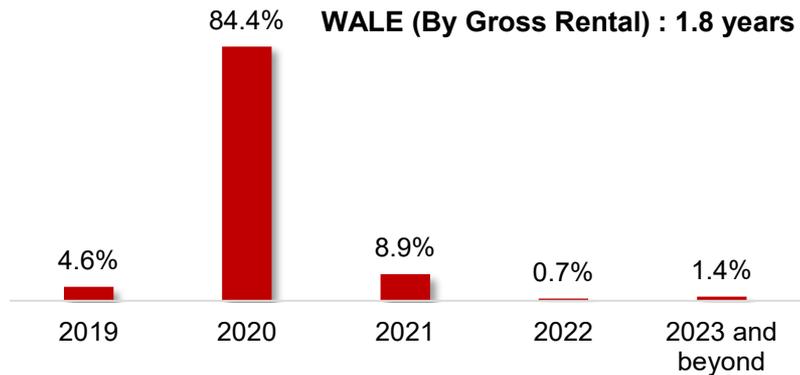
(1) The pro forma financial effects for FY2018 assuming EC World REIT had purchased the Fuzhou E-Commerce on 1 January 2018, and held and operated the Fuzhou E-Commerce through to 31 December 2018

(2) Based on the average Valuations (with Master Leases) of RMB1,203 million

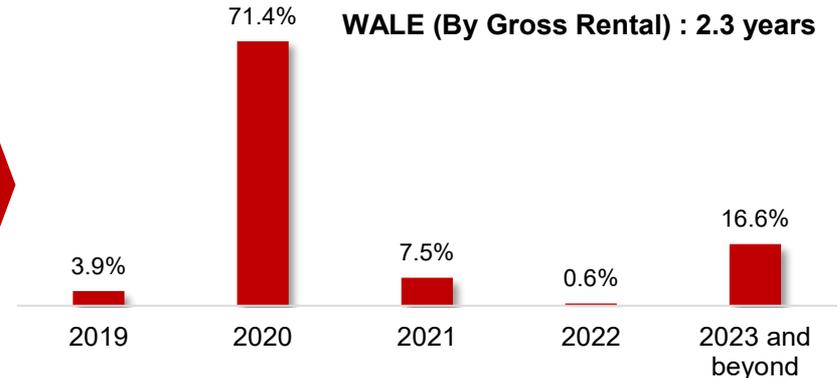
5 Improves portfolio WALE profile providing greater income visibility

Increase WALE with Embedded Organic Growth

As at 31 March 2019



As at 31 March 2019 (Post-Transaction)

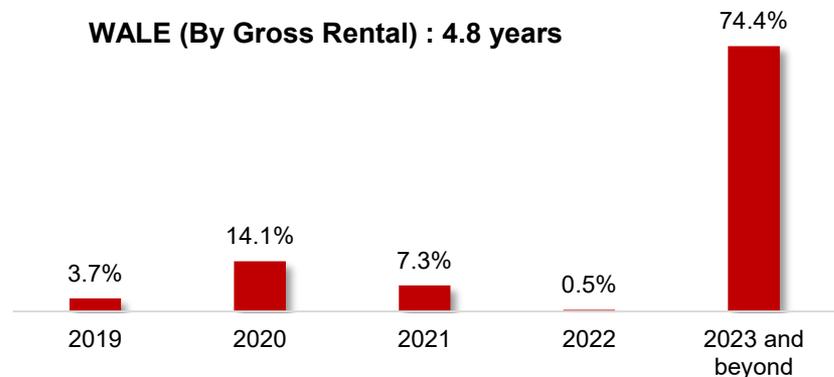


✓ **Improve WALE** (by Gross Revenue) **from 1.8 years** as at 31 March 2019 **to 4.8 years** (post transaction and taking into account the New Approved Master Lease Agreements)

✓ Embedded organic growth with **annual rental escalation of 2.25%**

✓ Provides **income viability** and **stability with predictable cash flow**

As at 31 March 2019 (Post-Transaction and taking into account the New Approved Master Lease Agreements)

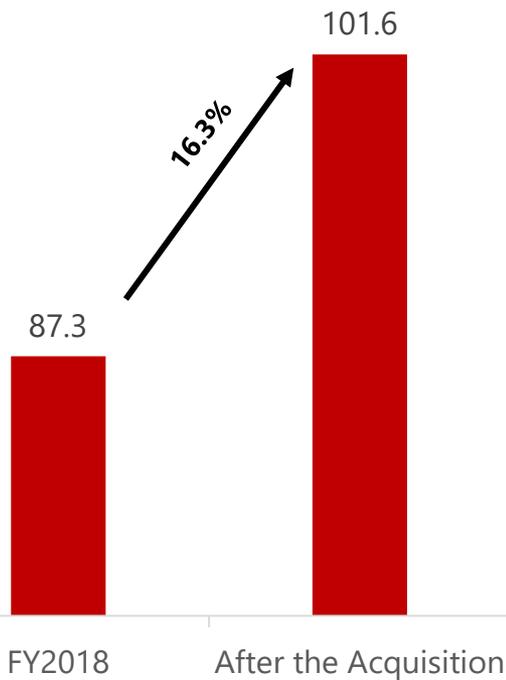


6 Yield Accretive Transaction

Financial Accretive Transaction on a Historical Proforma Basis

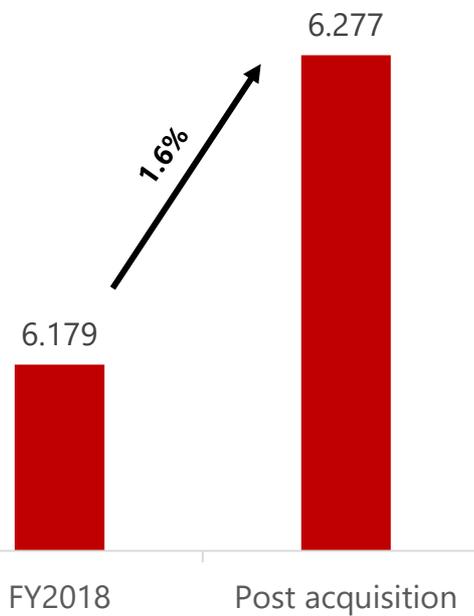
Net Property Income ⁽¹⁾

SGD million



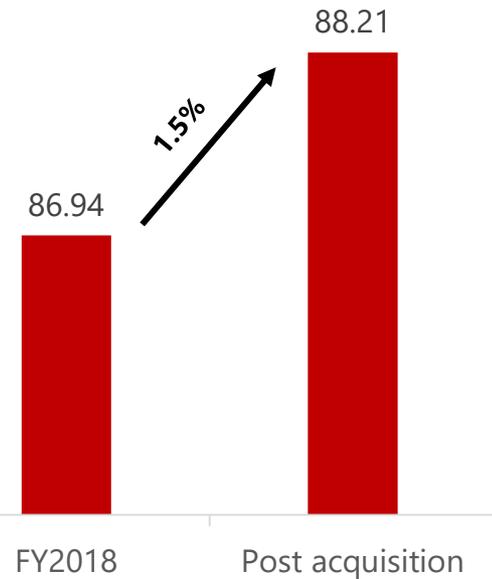
DPU ⁽¹⁾

Singapore cents



NAV per unit ⁽¹⁾

Singapore cents



(1) The historical pro forma financial effects for FY2018 assuming EC World REIT had purchased the Fuzhou E-Commerce on 1 January 2018, and held and operated the Fuzhou E-Commerce through to 31 December 2018



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Independent Financial Advisor Recommendation



What does the Independent Financial Adviser Recommend?

An extract of the IFA Letter is reproduced below:

*“Having considered the factors and the assumption set out in this letter, and subject to the qualifications set out herein, we are of the opinion that the Acquisitions (including the Master Leases) are **on normal commercial terms** and are **not prejudicial to the interests of EC World REIT and its minority Unitholders.**”*

*Accordingly, we advise the Independent Directors and the Audit and Risk Committee to recommend that Unitholders **vote in favour of the Acquisitions (including the Master Leases).**”*

Ernst & Young Corporate Finance Pte Ltd.



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Thank You

