



**EC World**  
运通网城 REIT

**Financial results for the period from  
28 July (Listing Date) to 30 September 2016**

**October 28, 2016**

**First Chinese Specialised Logistics and E-Commerce Logistics REIT listed on the SGX-ST**



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# Agenda

## Section A

Overview

## Section B

Results Highlights

## Section C

Portfolio Updates & Outlook



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## Section A: Overview



# Strategically Constructed Portfolio Offering Income Stability and Good Growth Potential

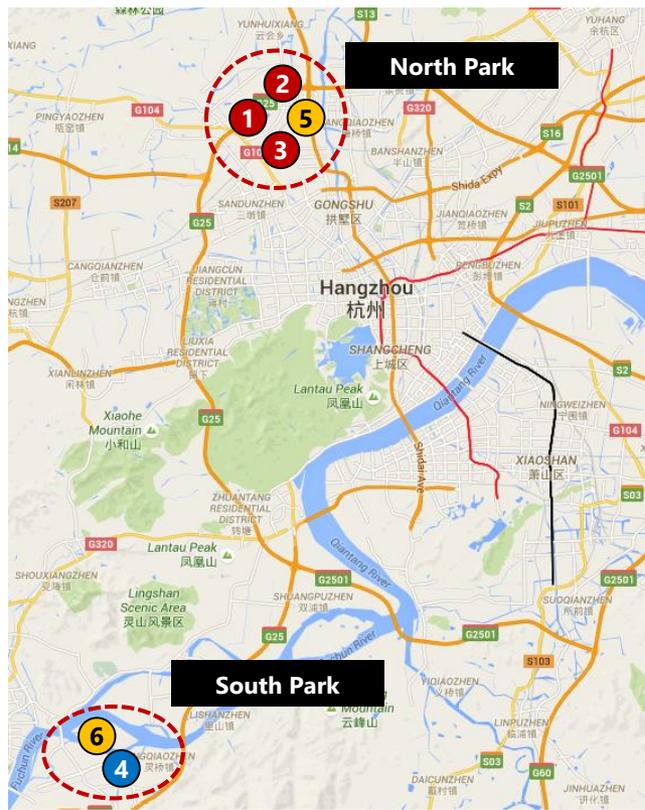
## 1 Chongxian Port Investment



## 2 Chongxian Port Logistics



## 3 Fu Zhuo Industrial



## 4 Hengde Logistics



## 5 Stage 1 Properties of Bei Gang Logistics



## 6 Fu Heng Warehouse



- ✓ Quality river port and ancillary port logistics assets provide income stability to the portfolio
- ✓ Limited competition for specialised logistics asset with high specification in the Zhejiang region
- ✓ Differentiated e-commerce logistics assets situated in Hangzhou, the prime e-commerce hub of China



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## Section B: Results Highlights



# Summary Results

For the period 28 Jul to 30 Sep 2016 <sup>(1)</sup>	Actual	Forecast <sup>(2)</sup>	Variance (%)
Gross revenue (S\$'000)	16,435	16,290	+ 0.9%
Net property income (S\$'000)	14,986	14,807	+ 1.2%
Distributable income (S\$'000) <sup>(3)</sup>	7,718	7,901	- 2.3%
Available distribution per unit (Singapore cents) <sup>(3)</sup>	0.991	1.016	- 2.5%

- 
**Gross revenue and NPI outperformed forecast by 0.9% and 1.2% respectively**
- 
**Bringing forward first distribution to Unitholders for the period from the Listing Date<sup>(4)</sup> to 30 September 2016 (instead of 31 December 2016)**
- 
**Currently evaluating a potentially yield-accretive acquisition opportunity in the PRC**

(1) EC World REIT was listed on the SGX-ST on 28 July 2016 ("Listing Date"). The relevant reporting period for this announcement is from 28 July to 30 September 2016.

(2) The forecast figures are derived from the pro-rated Forecast Period 2016 figures disclosed in the Prospectus dated 20 July 2016 (the "Prospectus").

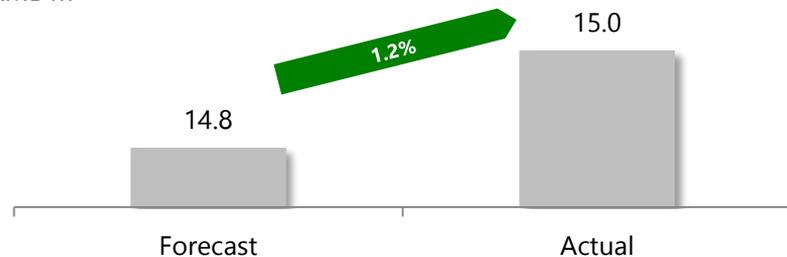
(3) The distribution to unitholders is based on 100% of the distributable income for the period from Listing Date to 30 September 2016. The prospectus of EC World REIT dated 20 July 2016 states at page 96 that "EC World REIT's First Distribution will be for the period from the Listing Date to 31 December 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." The Manager has decided that it would be in the interest of unitholders to bring forward the first distribution to be paid by EC World REIT and make payment of the first distribution for the period from the Listing Date to 30 September 2016 (instead of 31 December 2016), which will be paid on or before 29 December 2016. The next distribution of EC World REIT will be made in respect of the period from 1 October 2016 to 31 December 2016, and will be paid by the Manager on or before 31 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.

(4) EC World REIT was listed on the SGX-ST on 28 July 2016

# Review of Performance between Actual and Forecast Results

## Net Property Income

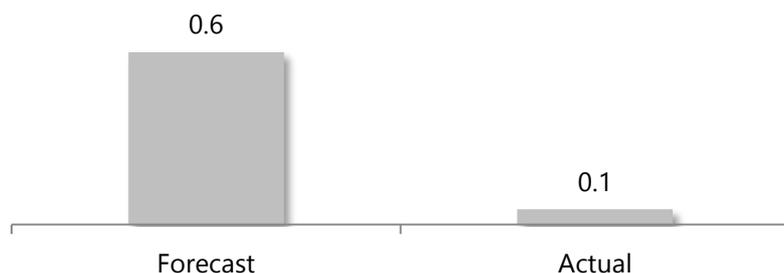
RMB'm



- Backed by higher gross revenue due to an increase in rental income and favourable exchange rate movement
- Lower property operating expenses due to savings in maintenance cost, partially offset by higher operating and property related taxes

## Finance Income

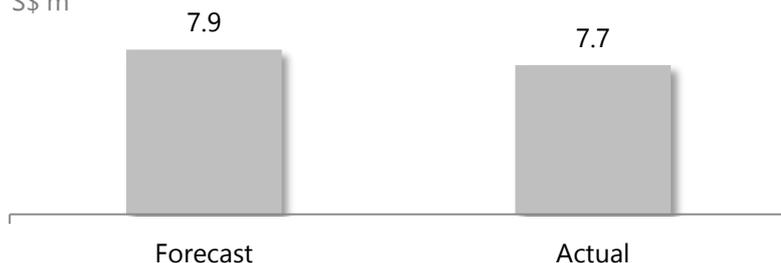
RMB'm



- In line with Manager's decision not to proceed with using the security deposits to invest in PRC corporate bonds after taking into account the current volatile PRC corporate bond market
- Decision by Manager to use the security deposits to part-finance the acquisition of an asset located in the PRC from an unrelated third party vendor

## Distributable Income

S\$m



- Due mainly to the abovementioned factors as well as higher finance costs

# Healthy Balance Sheet

<b>S\$'000</b>	<b>As at 30 Sep 2016</b>	<b>As at 31 Dec 2015 (Proforma)</b>
<b>Cash and cash equivalents<sup>(1)</sup></b>	111,801	16,032
<b>Investment Properties<sup>(2)</sup></b>	1,307,319	1,385,169
<b>Total Assets</b>	1,438,011	1,627,746
<b>Borrowings</b>	393,622	295,354
<b>Total Liabilities</b>	687,313	909,976
<b>Net Assets attributable to Unitholders</b>	750,698	717,770
<b>NAV per unit (S\$)</b>	0.96	N.M.

(1) Includes RMB301.7 million (S\$61.5 million) security deposits received from the Master Lease tenants.

(2) Investment Properties are carried at purchase price (determined based on Valuation Report in the Prospectus). Investment properties are pledged as security for the Group's borrowings.

# Prudent Capital Management

- ✓ Diversified sources of funding
- ✓ Annualised all-in interest rate of 5.44% for the period under review
- ✓ Improved aggregate leverage to 28.1% as at 30 Sep 2016, from 28.9% at IPO
- ✓ Significant debt headroom for acquisitions

## Key Debt Figures

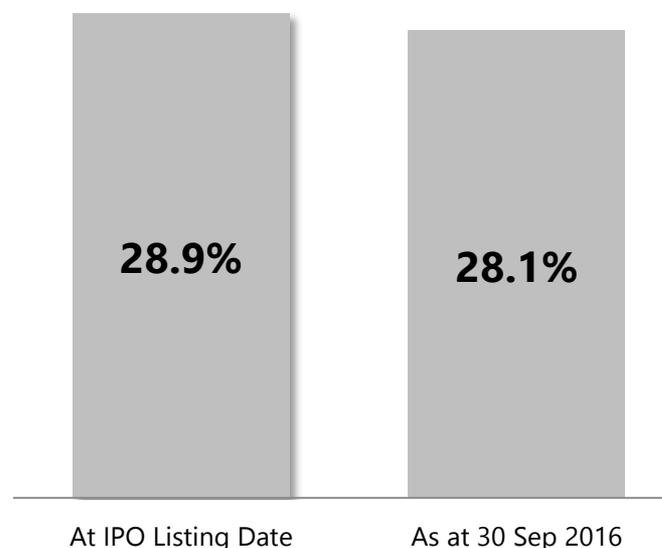
<b>Total Debt Drawdown as at 30 Sep 2016</b>	<ul style="list-style-type: none"> <li>• RMB 1,004.2 million onshore</li> <li>• S\$ 200.0 million offshore</li> </ul>
<b>Tenure</b>	3 years
<b>Interest Rate<sup>(1)</sup></b>	<ul style="list-style-type: none"> <li>• Onshore<sup>(2)</sup> – 4.7% p.a.</li> <li>• Offshore<sup>(3)</sup> – 6.1% p.a.</li> </ul>

## Forex (SGD/RMB)

<b>FY2016</b>	4.95 (Hedged)
<b>FY2017</b>	5.03 (Assumption)

Source: Exchangerates.org

## Aggregate Leverage Ratio



- (1) Ongoing interest payment. Includes facility margin.
- (2) Onshore loan is pegged to PBOC rate.
- (3) Offshore fixed component at 1.485%, variable component is pegged to 3 month SOR.

## Bringing Forward First Distribution

- ✓ Distribution out of capital of 0.991 SGD cents;
- ✓ Based on 100% of the distributable income for the period from the Listing Date to 30 September 2016

### Distribution Timetable

<b>Distribution</b>	28 July to 30 September 2016
<b>Distribution type</b>	Capital Distribution
<b>Distribution rate</b>	0.991 cents
<b>Book Closure Date</b>	21 November 2016
<b>Payment Date</b>	28 November 2016



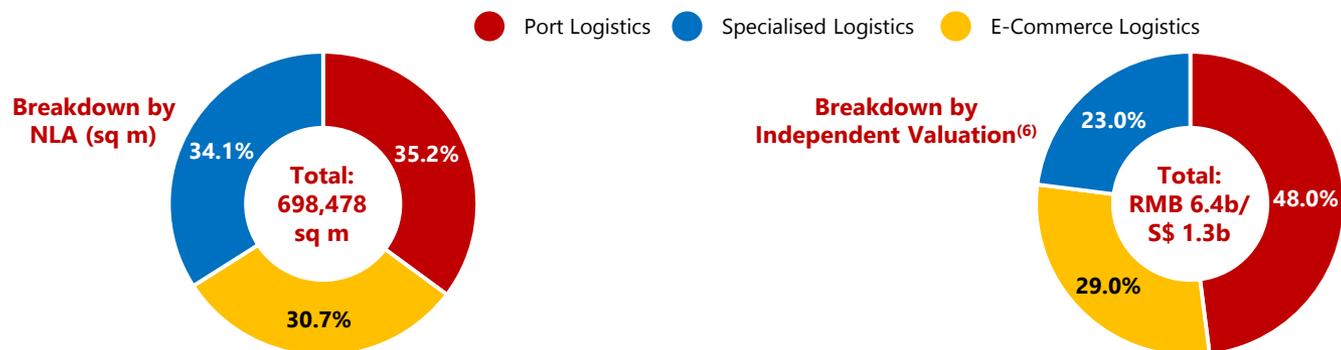
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## Section C: Portfolio Updates & Outlook



# Asset Portfolio Overview

Property	Type	NLA (sq m)	Type of Lease / No. of Tenants <sup>(1)</sup>	End-Tenant Occupancy Rate <sup>(1)</sup>	Remaining Land Lease Tenure (years) <sup>(1)</sup>	Independent Valuation (RMB m) <sup>(2)</sup>
<b>Chongxian Port Investment</b>	Port Logistics	112,726	Master leased <sup>(3)</sup>	100.0%	40	2,092.0
<b>Chongxian Port Logistics</b>	Port Logistics	125,856	Multi-tenanted / 58 tenants	100.0%	First complex – 40 Second complex – 45	852.5
<b>Fu Zhuo Industrial</b>	Port Logistics	7,128	Multi-tenanted / 2 tenants	100.0%	40	106.5
<b>Hengde Logistics</b>	Specialised Logistics	238,032	Multi-tenanted / 2 tenants	100.0%	First complex – 38 Second complex – 44	1,460.0
<b>Stage 1 Properties of Bei Gang Logistics</b>	E-commerce Logistics	120,449	Master leased <sup>(4)</sup>	55.3% <sup>(5)</sup>	37	1,293.0
<b>Fu Heng Warehouse</b>	E-commerce Logistics	94,287	Master leased <sup>(3)</sup>	100.0%	44	552.5
<b>Total</b>		<b>698,478</b>		<b>92.3%</b>		<b>6,356.5</b>



**Approximately 70% of valuation and NLA underpinned by stable assets - port and specialised logistics, with the remaining assets expected to offer growth potential**

(1) Based on underlying end-tenants as at 31 December 2015

(2) Based on the average of valuations as at 31 December 2015 appraised by Colliers and Savills

(3) Master leases with Sponsor commenced on 1 January 2016

(4) Master lease with Sponsor commenced on 1 November 2015

(5) Occupancy rate has increased to 67.5% as at 30 June 2016

(6) Based on an indicative exchange rate of S\$1.00 : RMB4.88

## Portfolio Performance – Port Logistics

- ✓ Businesses at Chongxian Port Investment and Chongxian Port Logistics have seen strong performances due to growth in steel import to the Hangzhou region
- ✓ Hangzhou's strong economic growth continues to drive urbanisation and generate strong demand for the use of steel in construction
- ✓ Stability of rental structure ensured by the sound financial performance of the tenants of our three port assets
- ✓ Completed Asset enhancement works in Chongxian Port Investments in September 2016

Chongxian Port Investment



Chongxian Port Logistics



Fu Zhuo Industrial



# Portfolio Performance – Specialised Logistics



**Stable rental income from anchor tenant – China Tobacco Zhejiang Industrial Co., Ltd.**

## Hengde Logistics



# Portfolio Performance – E-commerce properties

- ✓ Master leased to two operating subsidiaries of the Sponsor
- ✓ Construction of the two ROFR e-commerce properties are progressing on schedule

## ROFR Properties



	GFA (sq m)	Estimated Date of Commencement of Operations	Sponsor's Effective Interest
Fu Zhou E-Commerce Properties	215,643	January 2017	58.0%
Stage 2 of Bei Gang Logistics	100,777	December 2017	100.0%

## Existing e-commerce properties

### Stage 1 Properties of Bei Gang Logistics



### Fu Heng Warehouse



# China: A Stronger Economy and Property Market in 2016

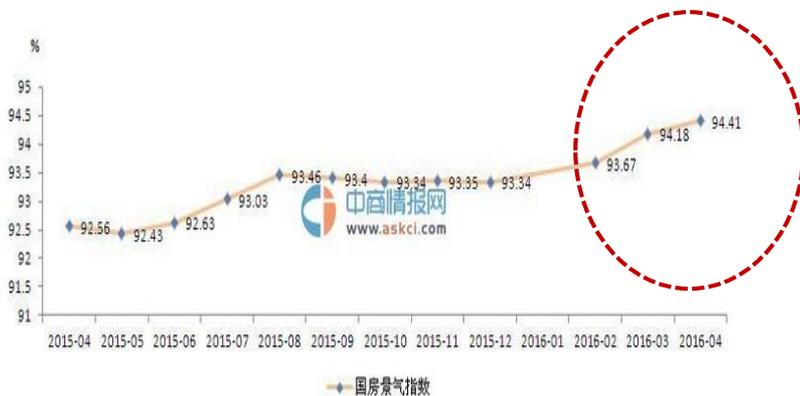
## China's first half GDP up 6.7%



(1) Source: National Bureau of Statistics of China (中国国家统计局)

- China's economy gained momentum 1H2016, translating into fundamental demand for industrial and logistics properties
- China's property market extended gains in 2016; Land sales in Hangzhou's property market also saw record transaction volumes in 1H2016
- Provides strong support for EC World REIT's asset portfolio in China

## China Real Estate Climate Index



(1) Source: [www.askci.com](http://www.askci.com) (中商情报网)

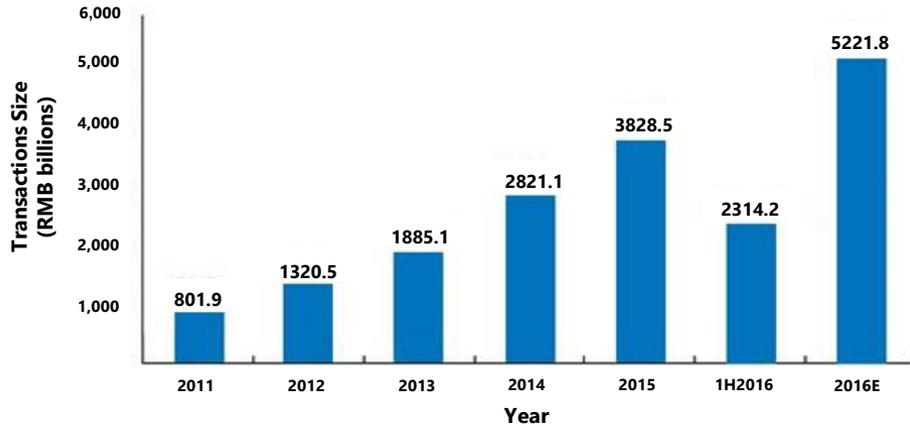
## Hangzhou Land Transaction Trend (2009 – 1H2016)



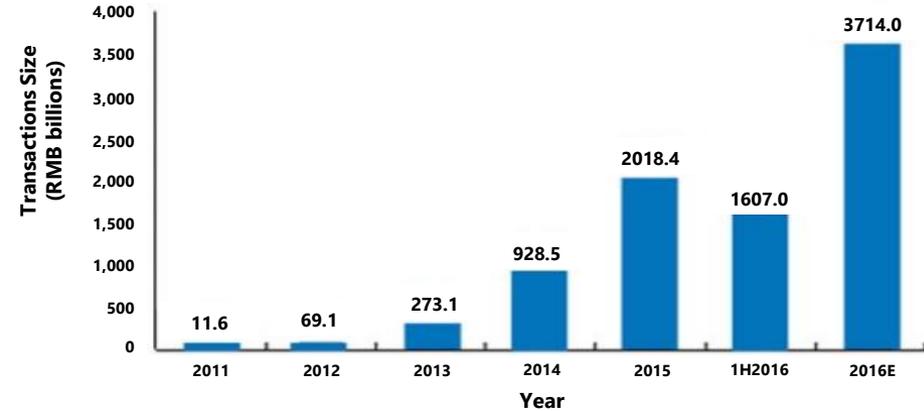
(1) Source: Zhejiang Daily (浙江日报)

# Sustained growth in E-commerce Sector Supports E-commerce Logistics Growth

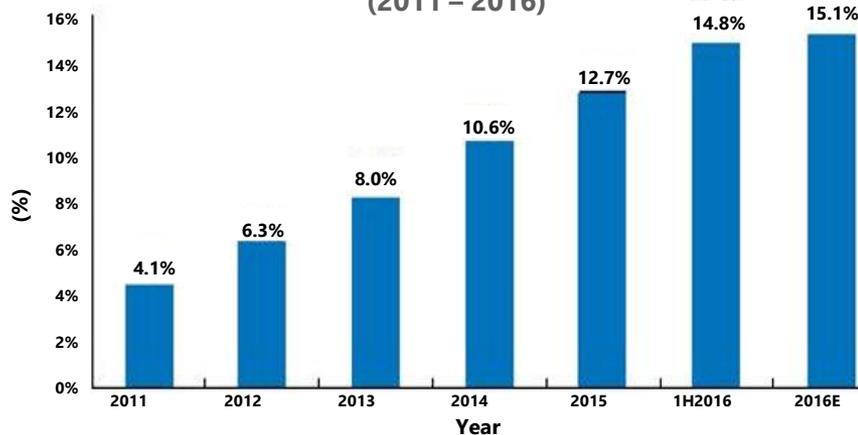
Size of China Online Shopping Market (2011 – 2016)



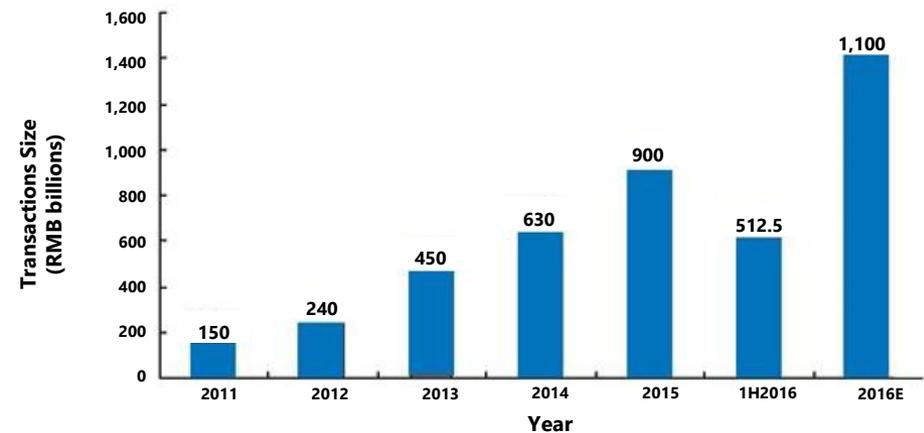
Size of China's Mobile Shopping Market (2011-2016)



Proportion of China's Online Shopping Market as Percentage of Total Retail (2011 – 2016)



Size of China's E-commerce Import Market (2011-2016)



(1) Source: China e-commerce Research Centre (中国电子商务研究中心)



# Integrated E-Commerce Model Enhances Competitive Advantages

- E-commerce warehouses as a hub for supply chain operations leveraging tenant's multichannel capabilities
- Significantly enhances e-commerce logistics operator's operational efficiencies and profitability

## Manufacturers / Brands



Product Design, Supply Chain Management  
Optimisation  
Operational Improvement & Flexible  
Manufacturing Systems

## Integrated Supply Chain Facilities



Integrated Supply Chain Management,  
Multichannel Supply Chain Solutions  
Centre for Regional Distribution & Inventory  
Management

## Consumers



Online Ordering & Payment, Doorstep  
Delivery  
Delivering a Seamless Customer Experience  
through Close Collaboration

**An "Integrated Network" Connecting Manufacturers to Consumers**

# Comprehensive Competitive Capabilities via 'Ruyicang' – EC World REIT's Integrated Smart Warehousing and Logistics Services Platform



Physical Warehousing and Logistics Platform

Multichannel Supply Chain Solutions Provider

Manufacturers / Brands

## Prospects

- Hangzhou's GDP growth was 10.2% in 2015 and 10.8% in 1H16 respectively<sup>(1)</sup>, while China's GDP grew 6.9% in 2015 and 6.7% in 1H16 respectively<sup>(2)</sup>
- Hangzhou's growth, which is expected to continue over the next 12 months, rides on the back of its fast-growing high-tech and services industry, notably in the e-commerce sector that has seen a growth of 48.3%
- According to a McKinsey iConsumer China 2016 survey<sup>(3)</sup>, on-line shopper growth in tier 1 and tier 2 cities in China would be 43% while that of tier 3 and tier 4 cities would be 61%. This is despite the softer global economic outlook and the slower economic growth in China.
- Anticipates the strong growth in e-commerce will continue to drive demand for e-commerce warehouses

**With the key objectives of providing unitholders with stable distributions and strong long-term growth in particular in the e-commerce sector, the Manager will continue to seek non-ROFR third-party acquisition opportunities in China to diversify its property portfolio**

(1) Hangzhou Statistics Bureau, dated 24<sup>th</sup> August 2016, [http://eng.hangzhou.gov.cn/art/2016/8/24/art\\_811217\\_2123644.html](http://eng.hangzhou.gov.cn/art/2016/8/24/art_811217_2123644.html)

(2) National Bureau of Statistics of China

(3) McKinsey iConsumer China 2016 survey, <http://www.mckinsey.com/industries/retail/our-insights/how-savvy-social-shoppers-are-transforming-chinese-e-commerce>

# Recap on Key Investment Highlights



**1** Well-established and reputable Sponsor

**2** Strong growth potential in the PRC e-commerce and Hangzhou logistics sectors

**3** Strategic portfolio composition

**4** Opportunities for strategic acquisition growth



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**Thank You**

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