



EC World
运通网城 REIT

EC World REIT FY2017 AGM Presentation

20 April 2018



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Agenda

Section A	FY2017 Key Highlights
Section B	Financial Review
Section C	Portfolio Update
Section D	Acquisition Update



CONNECTING
the E-Commerce World



BALANCED
Portfolio of Specialised Assets



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Section A: FY2017 Key Highlights



FY2017 Key Highlights

1

Strong financial results outperforming IPO forecasts for the second consecutive year

Gross Revenue of S\$91.4 million



1.0% higher than IPO forecast

Net Property Income of S\$82.7 million



0.9% higher than IPO forecast

Distribution Per Unit of 6.025 cents



1.5% higher than IPO forecast

FY2017 distribution yield of **7.9%** ⁽¹⁾

2

Resilient portfolio continues to deliver stable returns

- ✓ Portfolio valuation **increased 1.8%** in RMB terms to RMB6,522 million as at 31 Dec 2017
- ✓ Committed occupancy remains at **100%**, with the underlying end-tenant occupancy of **97.5%**
- ✓ Resilient leases with weighted average lease expiry (“WALE”) of **3.0 years** ⁽²⁾ and built-in escalations

3

Positive outlook for growth

- ✓ China and Hangzhou’s GDP expanded by **6.9%** ⁽³⁾ and **8.0%** ⁽⁴⁾ respectively while the e-commerce sector in Hangzhou grew by **36.6%** ⁽⁴⁾ in 2017
- ✓ Relatively low gearing of 29.2% provides debt headroom for acquisitions
- ✓ Actively looking to expand asset portfolio in China and high growth markets in Southeast Asia

(1) Based on the closing price of S\$0.76 on 29 December 2017

(2) By gross rental and as at 31 December 2017

(3) National Bureau of Statistics

(4) Hangzhou Bureau of Statistics

Exposure to Fast Growing Geography and Sector

Overview of Hangzhou



Population ⁽¹⁾
9.5 million

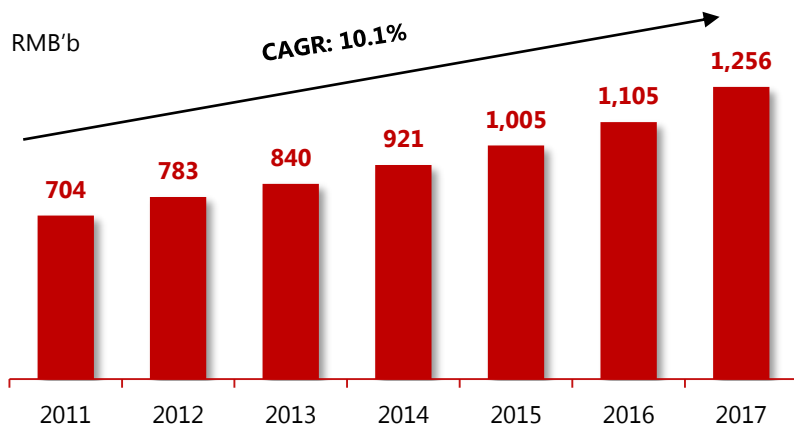
GDP ⁽¹⁾
RMB 1.2 trillion

Capital of
Zhejiang
Province

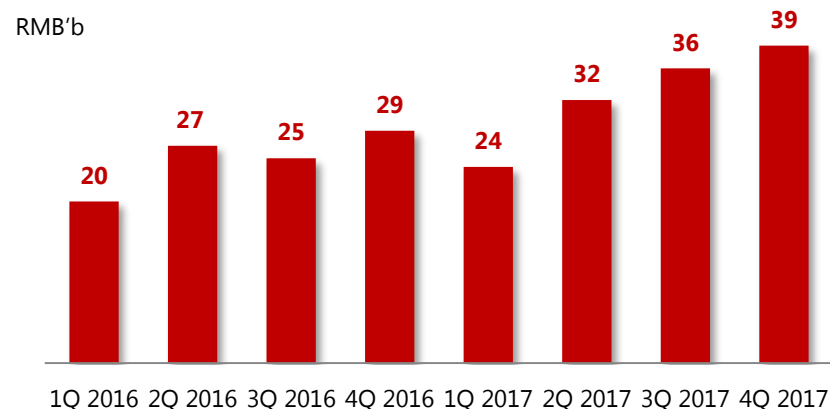
Chinese Capital
of E-Commerce

- ✓ 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
- ✓ E-Commerce industry in Hangzhou has been growing at very fast pace, expanding 36.6% in 2017

Strong Economic Growth – GDP ⁽¹⁾



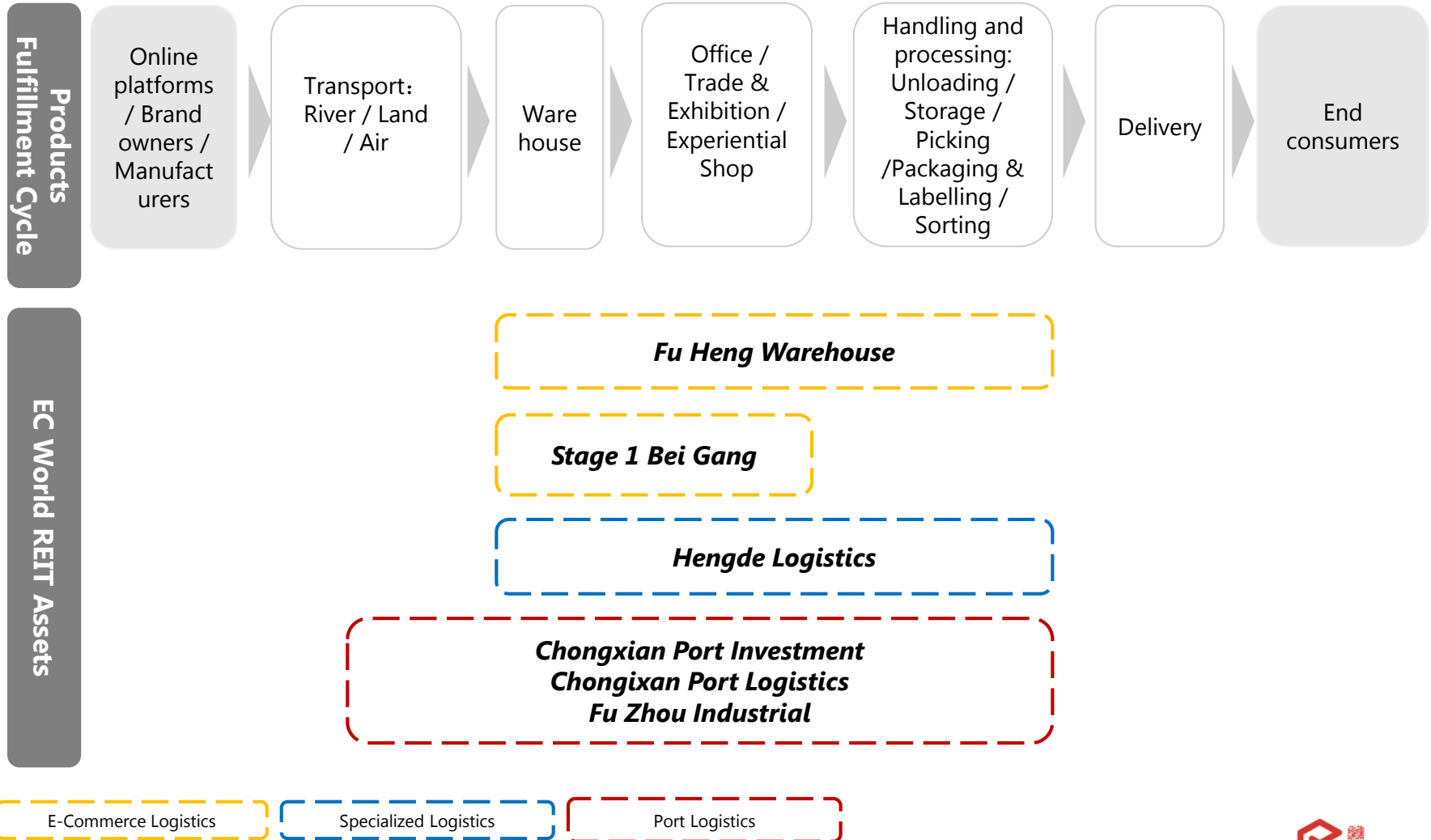
Rapidly Expanding E-Commerce Industry – Sector Size ⁽¹⁾



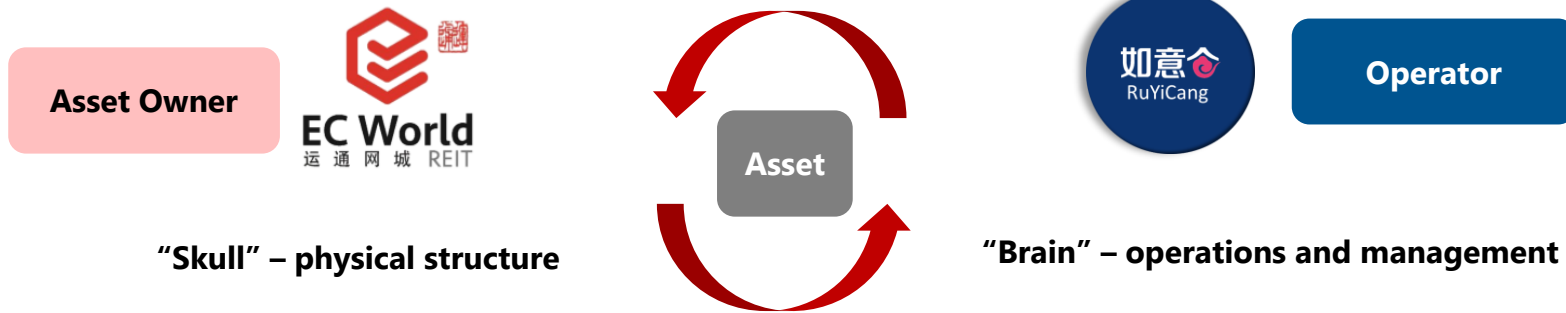
(1) Hangzhou Bureau of Statistics

Portfolio Provides Critical Connectivity in the Product Fulfilment Cycle

EC World REIT's asset portfolio almost covers the entire product fulfillment cycle and supply chain



Symbiotic Relationship between an Asset Owner and An Asset Operator



- Ownership of physical asset that houses the operations
- Collect rental and pays ownership related costs such as property taxes, maintenance and repair expenses

- Manage the business processes, systems and operations
- Earns operating revenue (handling, processing, packaging etc.) and pays rental to the asset owner

Strategic benefits

- ✓ **Full integration** of physical warehousing and logistics facilities, advanced IT management system and data analytics
- ✓ **Extensive supply chain network** across key markets in China
- ✓ Provide "**one-stop**" integrated intelligent logistics services to domestic and international customers

Extensive national network





Well-Established Omni-Channel Client Base

Clients include blue chip e-commerce marketplaces / platforms, brand owners, manufacturers and last mile service providers

Selected Clients

Market Places



Brands



Last Mile Delivery





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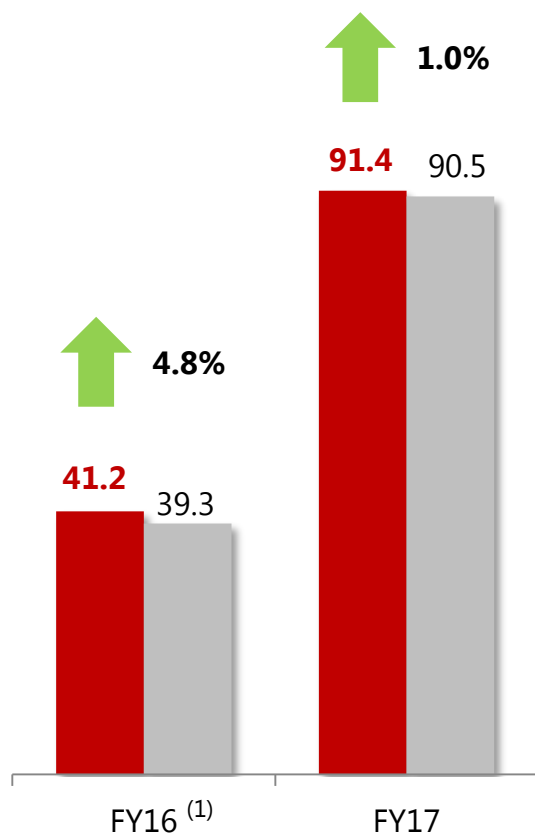
Section B: Financial Review



Strong Results Outperforming IPO Forecasts Consecutively

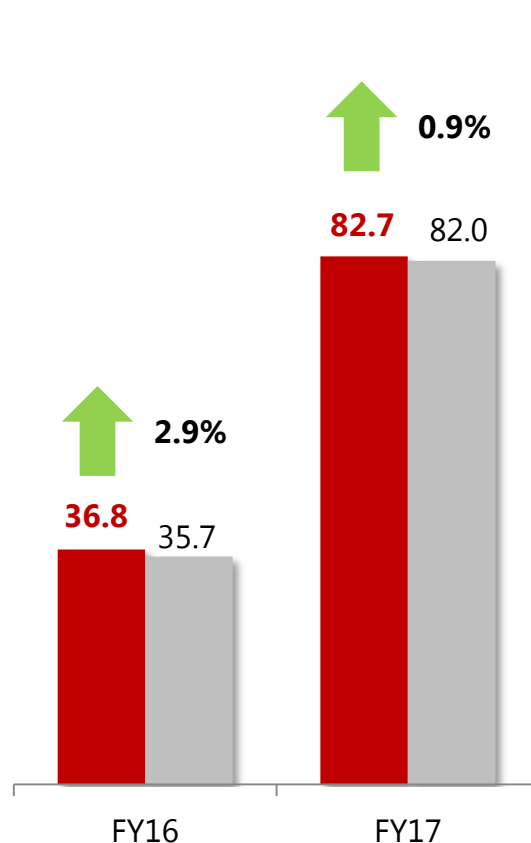
Gross Revenue

SGD million



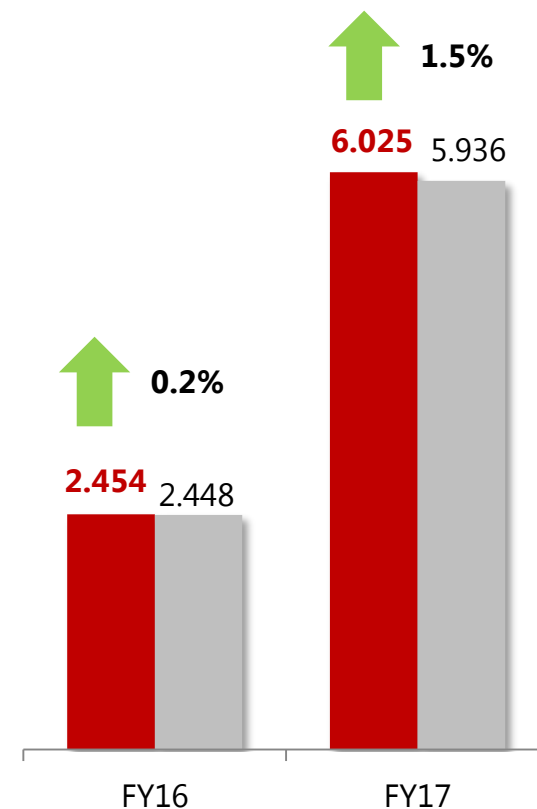
Net Property Income

SGD million



Distribution Per Unit

Singapore cents



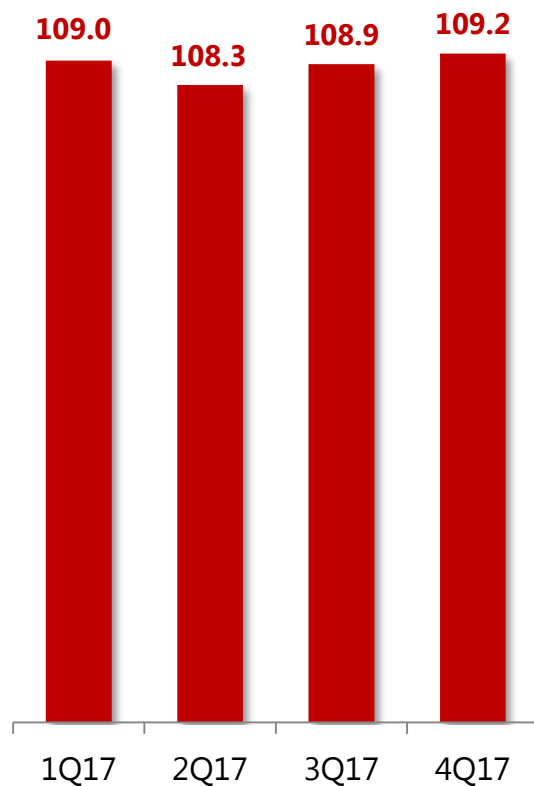
Actual █ Forecast █

(1) EC World REIT was listed on 28 Jul 2016. FY16 results are for the period from 28 Jul 2016 to 31 Dec 2016

Stable Portfolio Delivering Consistent Returns

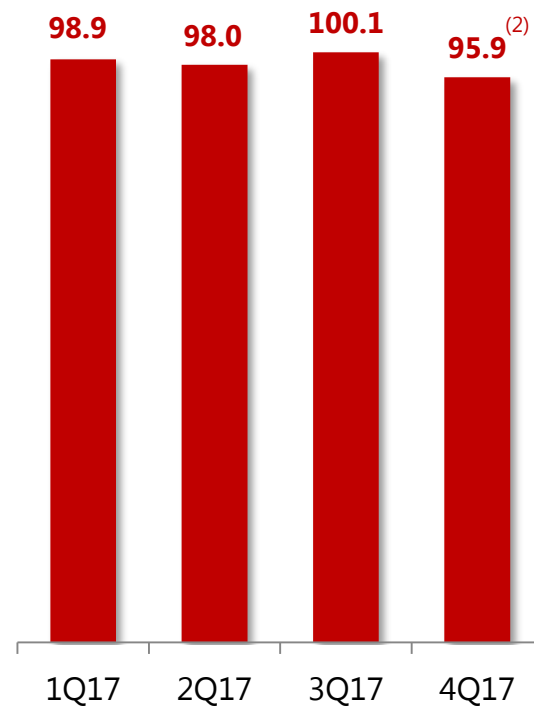
Gross Revenue ⁽¹⁾

RMB million



Net Property Income ⁽¹⁾

RMB million



(1) Excluding straight-line and security deposit accretion accounting adjustments

(2) Including a provision of impairment (RMB5.2m) of receivables at Fu Zhuo. There was no impact to DPU for FY2017

Prudent Capital Management

- ✓ Annualized running interest rate: 4.4% ⁽¹⁾
- ✓ 100% of offshore SGD facilities on fixed rate ⁽²⁾
- ✓ Entered into FX forward contracts to lock in SGDRMB for our RMB income source for 1Q18 distributions at at SGD/RMB 4.843. Continues to maintain a rolling 6 month FX hedging strategy

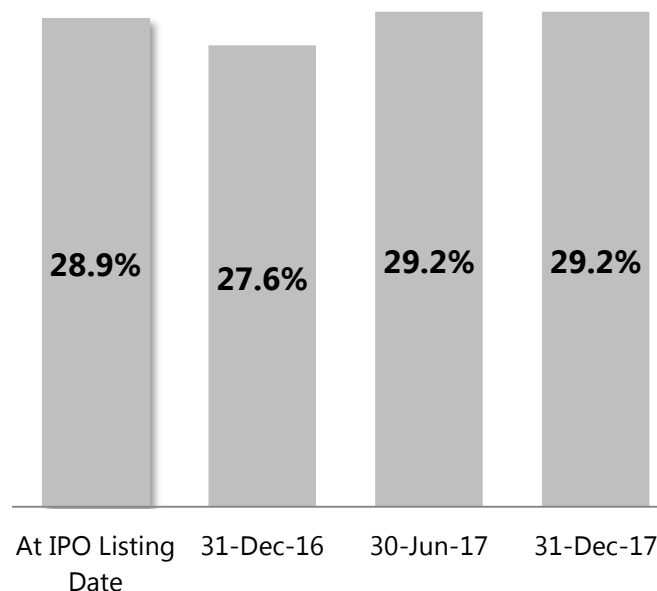
Key Debt Figures

Total Debt Drawdown as at 31 Dec 2017	<ul style="list-style-type: none"> • RMB 993.6 million onshore • S\$ 200.0 million offshore • S\$ 38.0 million RCF ⁽³⁾
Tenure	3 years (except for RCF)
Annualized Running Interest Rate	<ul style="list-style-type: none"> • Onshore – 5.3% p.a. • Offshore – 4.0% p.a. • RCF – 1.5% p.a.

Forex (SGD/RMB)

FY2017	5.03 (IPO Assumption)
3Q2017	4.996 (Hedged)
4Q2017	4.95 (Hedged)
1Q 2018	4.843 (Hedged)

Aggregate Leverage Ratio



(1) Including amortized upfront fee, the all-in interest rate is 5.3%
 (2) Excluding RCF
 (3) \$38.0 million drawn down from the S\$50.0 million revolving credit facility

Healthy Balance Sheet

S\$'000	As at 31 Dec 2017
Cash and cash equivalents⁽¹⁾	138,644
Investment Properties⁽²⁾	1,337,010
Total Assets	1,511,239
Borrowings	435,501
Total Liabilities	793,621
Net Assets attributable to Unitholders	717,618
NAV per unit (S\$)	0.91

(1) Includes RMB301.7 million (S\$61.8 million) security deposits received from the Master Lease tenants.

(2) Investment Properties are based on independent valuations performed by Savills as at 31 December 2017. Investment properties are pledged as security for the Group's borrowings.



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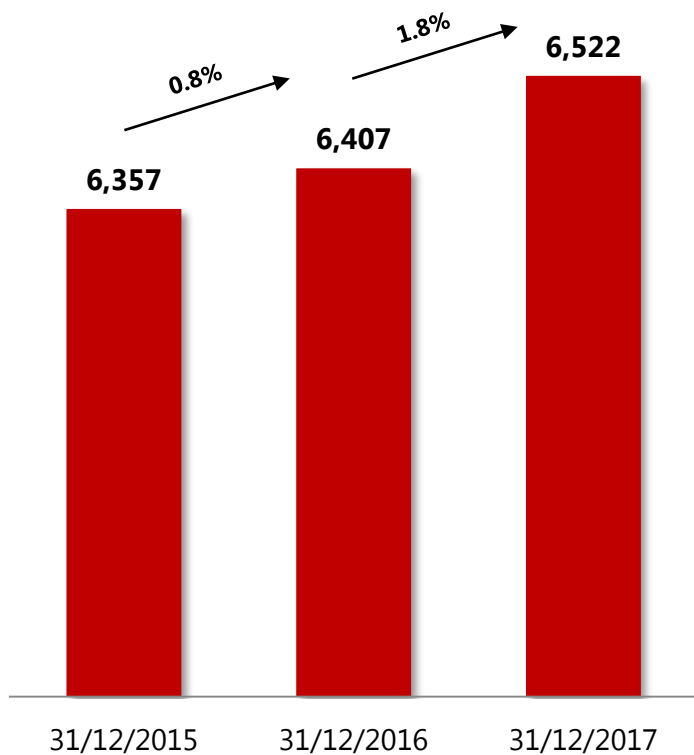
Section C: Portfolio Update



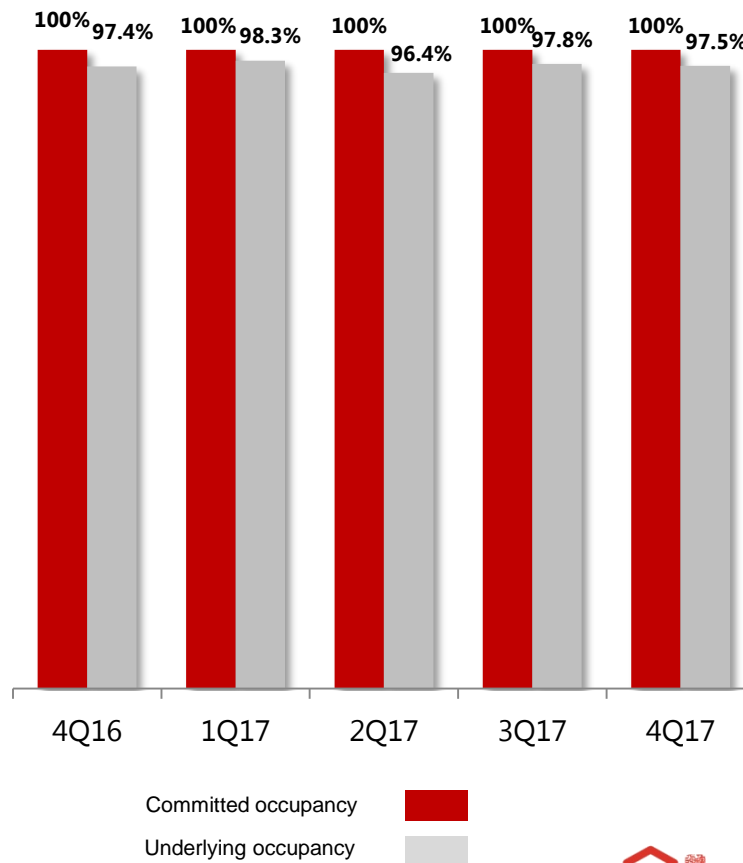
Resilient, Specialized and Balanced Asset Portfolio

Valuation has increased for 2 consecutive years while achieving 100% committed occupancy

Portfolio Valuation (RMB m)



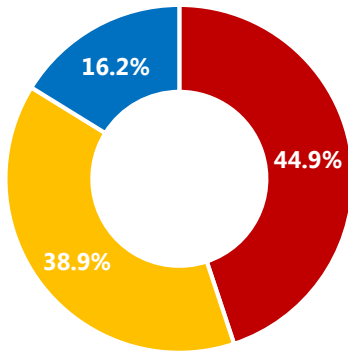
Portfolio Occupancy



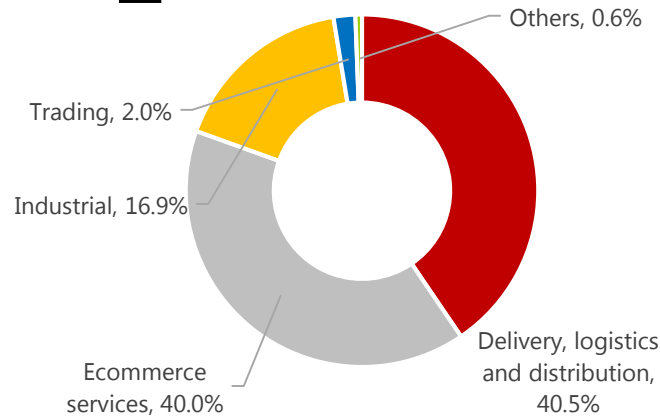
High Quality and Differentiated Asset Portfolio

Breakdown of Portfolio Gross Rental Income⁽¹⁾

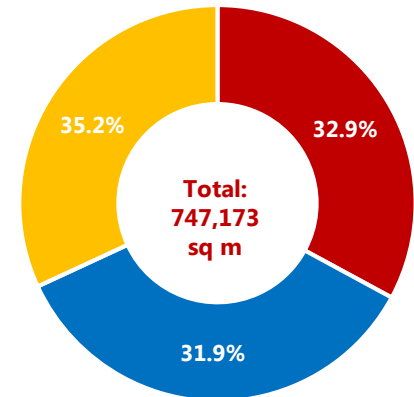
☑ Diversification by asset type ⁽²⁾



☑ Diversification by trade sector ⁽²⁾



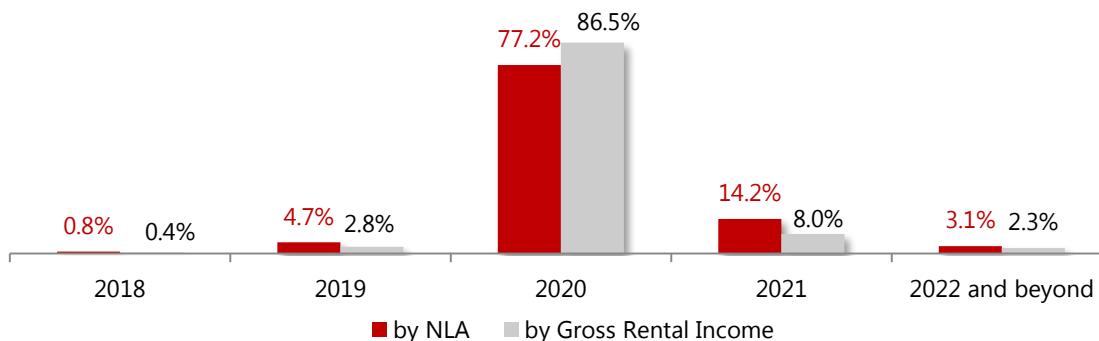
Breakdown by NLA ⁽¹⁾



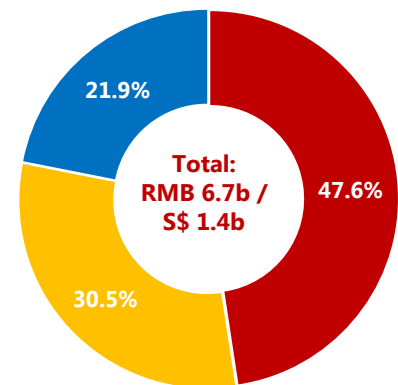
Lease Expiry Profile of Portfolio ⁽¹⁾⁽³⁾

WALE by NLA: 2.9 years

WALE by Gross Rental Income: 3.0 years



Breakdown by valuation ⁽¹⁾



(1) Assumed Wuhan Meilute has been injected into the portfolio as at 31 Dec 2017

(2) As at 31 Dec 2017

(3) By Gross Rental Income and committed NLA as at 31 Dec 2017

Significant Strategic Growth Opportunities Across Multiple Channels

 EC World REIT is well-positioned for growth through acquisitions and asset enhancement initiatives

A

Organic Growth

- Positive rental reversions due to the quality of assets
- Built-in escalations in existing lease contracts
- Improving assets valuation

B

Asset Enhancement Initiatives

- Convert traditional warehouses to e-commerce logistics centres
- Proactive retrofitting and refurbishment works including upgrading of existing facilities
- Pay "cost" to enjoy future cash flows

C

Acquisition via Sponsor ROFR⁽¹⁾

- 2 Sponsor ROFR properties with GFA over 300,000 sq m
- Leverage on Sponsor's business networks and relationships to identify and pursue acquisition opportunities

D

Acquisition via Third Party Assets

- Acquire yield-accretive properties and convert them into e-commerce logistics properties
- Seek opportunities beyond China, including Singapore and Southeast Asia to further diversify its e-commerce portfolio

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

Quality ROFR Assets Focused on E-Commerce Logistics

No.	Sponsor ROFR Properties	GFA (sq m)
1.	Fu Zhou E-commerce Properties	215,643
2.	Stage 2 of Bei Gang Logistics, Buildings No. 9 to No. 17	100,777
Total		316,420

Fu Zhou E-Commerce Properties



Stage 2 of Bei Gang Logistics



Key Highlights

- ✔ Warehousing and office facilities **specifically designed to cater to the e-commerce industry**
- ✔ To be operated and managed by **RuYiCang 如意仓**
- ✔ **Integrated e-commerce business park** offering the entire suite of e-commerce related supporting infrastructure and services
- ✔ Located next to Stage 1 Bei Gang Logistics, **offering increased scale, efficiency and synergies** across the enlarged business park



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Section D: Acquisition Update



Transaction Overview

- ECW's **maiden** acquisition since listing
- Acquisition of a quality **e-commerce logistics asset** from third party reinforcing ECW's differentiated proposition
- Highly **reputable tenant base** with leading e-commerce players
- Transaction is expected to be **DPU accretive** while maintaining **current low leverage at 29.2%**

Asset Overview

Address	Hubei Province, Wuhan City, Cai Dian District, Yinyan Village, Nanwan Village, Daji Street, PR China
Completion year	May 2017
Remaining land tenure	c. 48 years (2065)
Purchase Consideration	RMB 145 million / S\$30.3 million ⁽¹⁾ , (15.2% discount to valuation)
Independent Valuation	RMB 171 million ⁽²⁾
Acquisition expenses	<ul style="list-style-type: none"> ▪ REIT Manager Acquisition Fee: S\$0.3m ▪ Estimated professional and other transaction fees: S\$0.4m
Proposed funding structure	Wholly funded by internal cash
Land area	68,219 sq m
GFA / NLA	49,861 sq m / 48, 695 sq m
Description	<ul style="list-style-type: none"> ▪ Three warehouse buildings ▪ One 5-storey auxiliary building ▪ One 6-storey dormitory
WALE by Gross Rental / NLA	2.3 years / 2.4 years
Occupancy	82.2%
NPI Yield ⁽³⁾	4.9%



(1) Based on S\$1.00 to RMB 4.79 as at 27 February 2018

(2) As at 31 December 2017 by Colliers International

(3) Based on pro forma NPI assuming acquisition is done on 1 January 2017 and purchase consideration of RMB145m

Transaction Rationale and Highlights

1

High quality e-logistics asset with top tier ecommerce tenants

2

Enhance ECW's unique proposition as a specialised logistics REIT

3

Exposure to favourable macroeconomic fundamentals of Wuhan

4

DPU accretive transaction

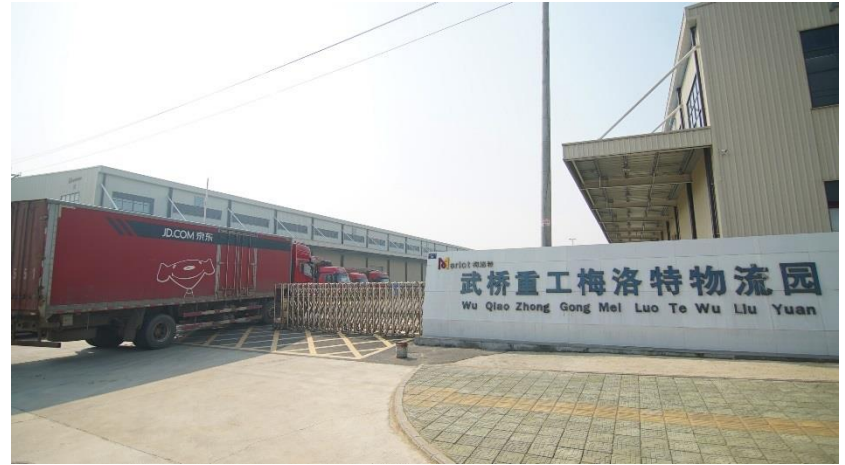
1 High quality, strategically located e-logistics asset...

Strategic location near major transportation networks

- Approx. 6km away from the Beijing-Guangzhou Expressway and Shanghai-Chongqing Expressway respectively
- Approx. 36km away from Wuhan Tianhe International Airport
- Approx. 30km away from downtown Wuhan



1 ...Built to high specifications...



1 ... and anchored by top tier e-commerce tenants

Partnering top ecommerce players reinforces ECW's position as a specialized logistics assets REIT

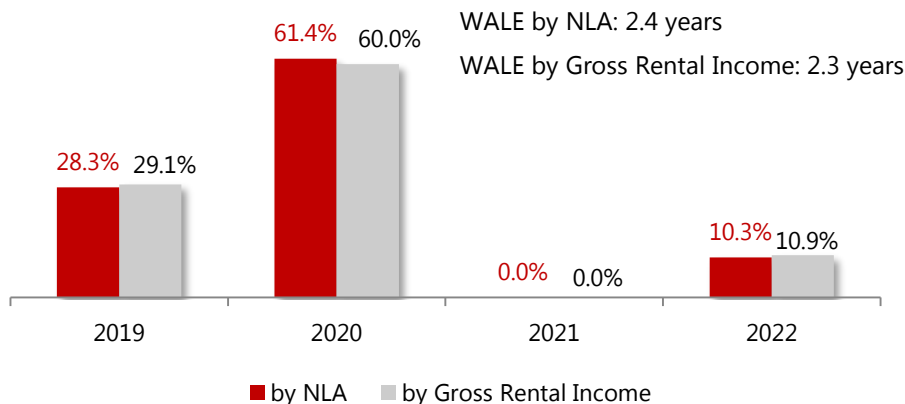


- JD.Com is one of the largest e-commerce company in China, recording net revenue and gross merchandize value of RMB260.1 billion and RMB658.2 billion in 2016 ⁽¹⁾
- Listed on Nasdaq Market cap. of USD 70 billion ⁽²⁾

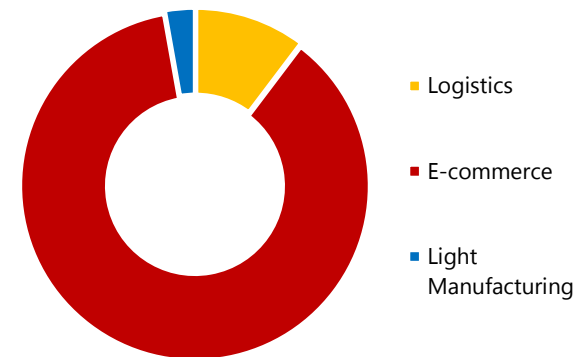


- DangDang is a leading integrated online shopping platform in China
- China's largest maternal and baby products online platform and has a strong market position in books, cosmetics and apparel products ⁽³⁾

Lease Expiry (by Gross Rental and NLA)



Tenants by Industry

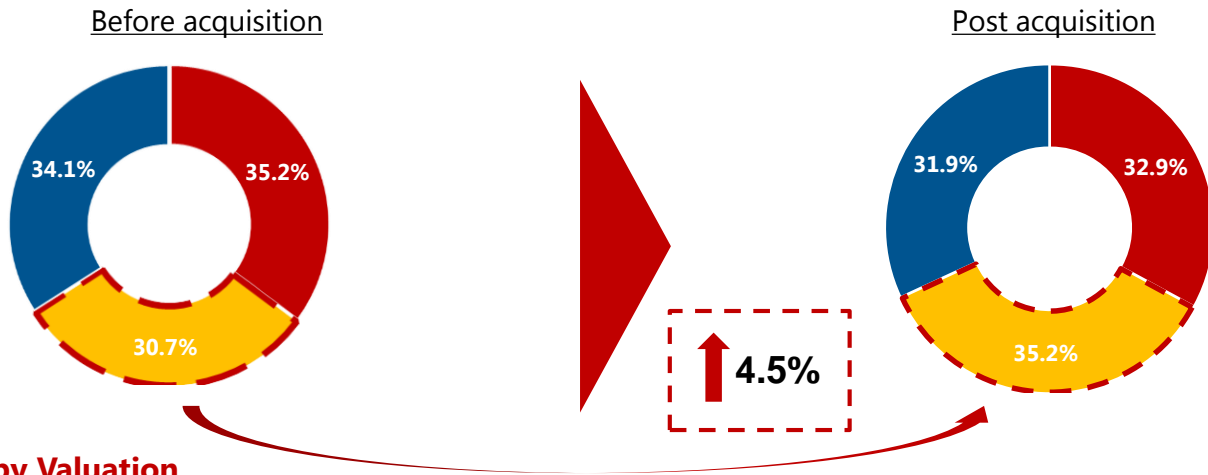


1) JD 2016 Annual Report,
2) Bloomberg as at 27 Feb 2018
3) Source: <http://static.dangdang.com/topic/2227/176801.shtml>

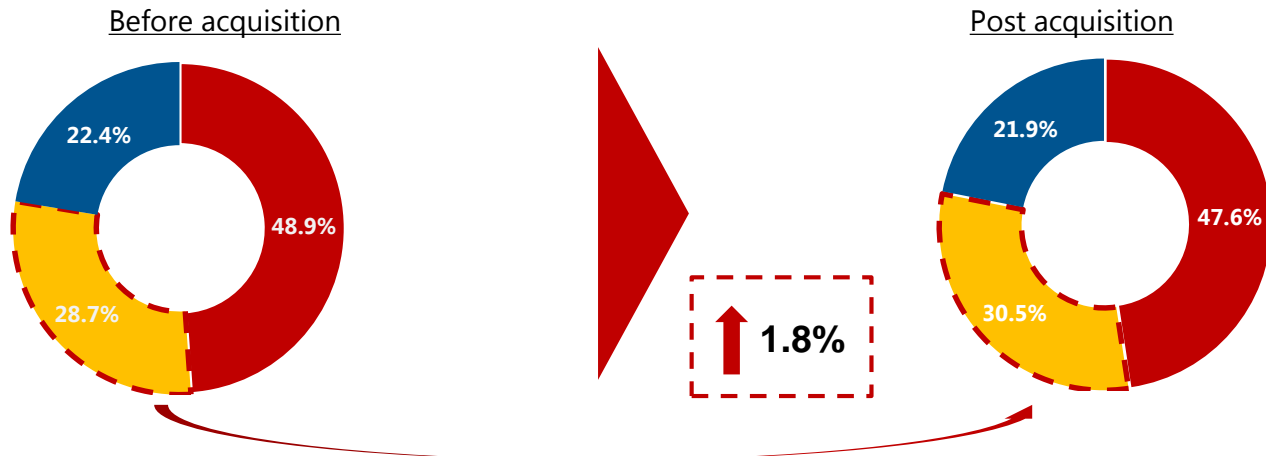
2 Enhance ECW's unique proposition as a specialised logistics REIT

E-commerce and specialized logistics assets will account for 67.2% ⁽¹⁾ of portfolio post acquisition

Breakdown by NLA



Breakdown by Valuation



(1) By NLA

3 Exposure to favourable macroeconomic fundamentals of Wuhan

Overview of Wuhan



Source: Colliers International

Population ⁽¹⁾
10.6 million

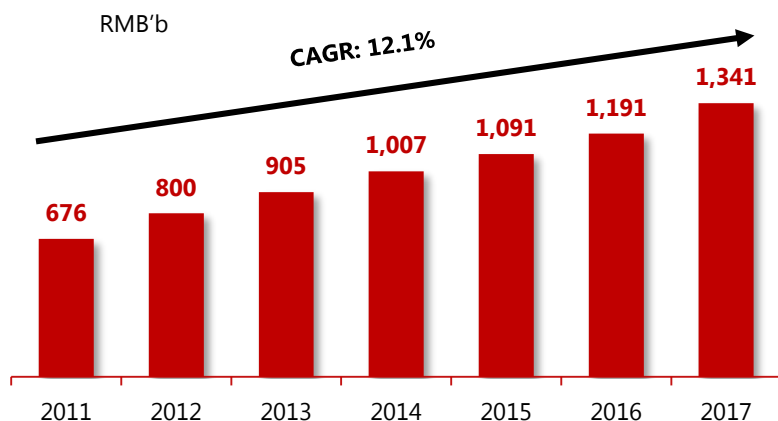
GDP ⁽¹⁾
RMB 1.3 trillion

Capital of Hubei Province

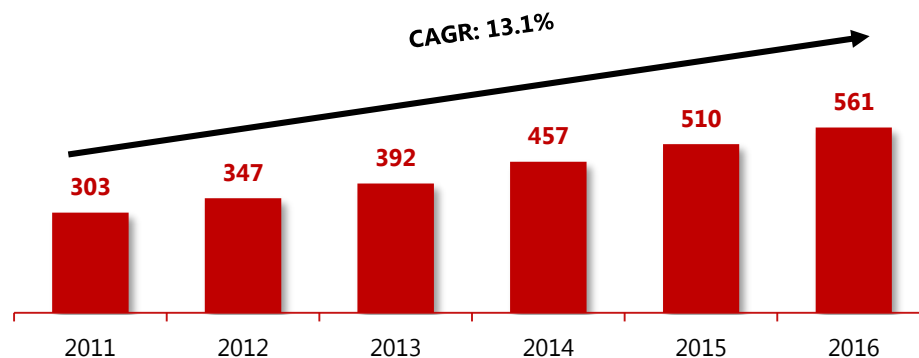
Logistics Hub for Central China

- ✓ **Central location:** One of the core cities in the central China, positioned as a critical transport and logistics hub.
- ✓ **Strong economic growth:** Wuhan's economy expanded by 8.0% ⁽¹⁾ in 2017, outstripping the national average of 6.9%
- ✓ **Logistics industry as the main economic pillar of Wuhan:** In 2015, the logistics industry became a "100-billion grade" (千亿级) service industry driving the city's economic growth.

Wuhan GDP ⁽¹⁾



Retail Sales of Consumer Goods in Wuhan ⁽¹⁾



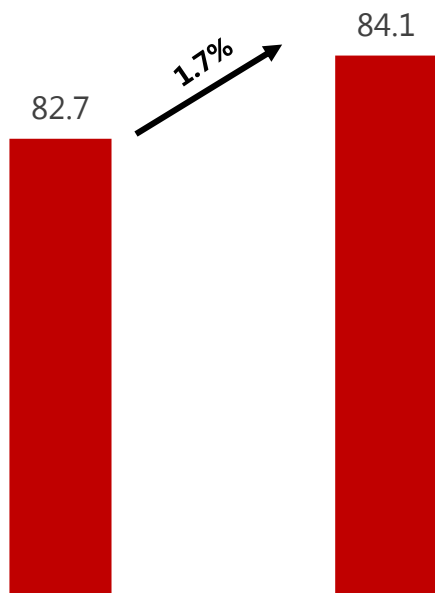
(1) Statistics Bureau of Wuhan

4 DPU and yield accretive transaction

Acquisition of asset is estimated to be 0.8% DPU accretive on a pro forma basis ⁽¹⁾

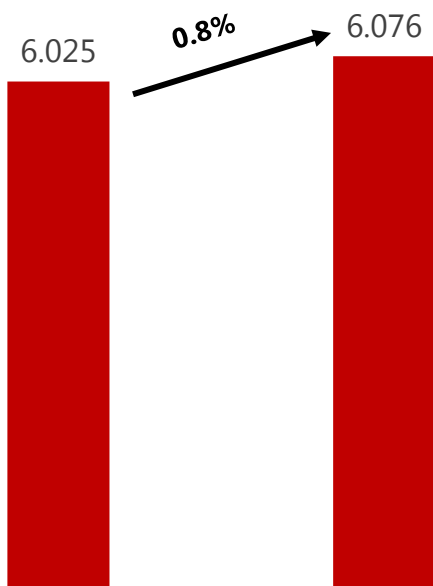
Net Property Income ⁽¹⁾

SGD million



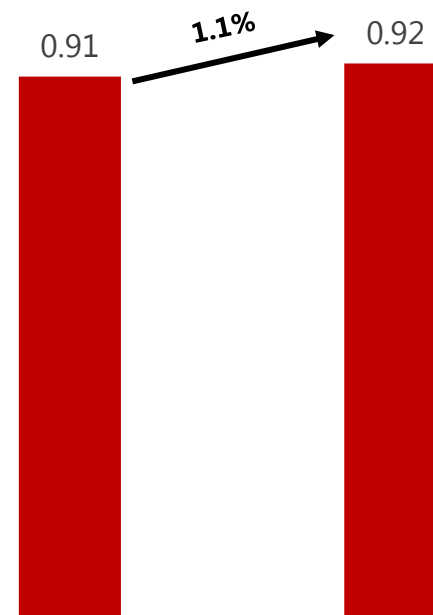
DPU ⁽¹⁾

Singapore cents



NAV per unit ⁽¹⁾

Singapore cents



Before acquisition

Post acquisition

Before acquisition

Post acquisition

Before acquisition

Post acquisition

(1) Assuming the acquisition is done on 1 Jan 2017 and based on actual unaudited FY2017 financials



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BALANCED
Portfolio of Specialised Assets



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Thank You

