



EC World
运通网城 REIT

2Q2018 Results Presentation

7 Aug 2018



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Agenda

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2Q2018 Key Highlights

Section B

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Section C

Portfolio Update



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Section A: 2Q2018 Key Highlights



2Q2018 Key Highlights

1 EC World REIT DPU increased by 1.9% y-o-y

Gross Revenue

S\$24.9 million

NPI

S\$22.8 million

DPU (cents) ⁽¹⁾

1.570

DPU Yield ⁽²⁾

8.5%

2 Strong overall portfolio performance

- ✓ Committed occupancy is at **99.2%**, with the underlying end-tenant occupancy of **96.7%**
- ✓ Gross revenue and NPI both **up 7.6% and 8.2%** respectively yoy
- ✓ Expansion by existing tenant, JD.com for c.2,900 sq m of space in Wuhan Meiluote, bringing the **occupancy up to 88.2%** from 82.2% at acquisition

3 Strategically located portfolio benefiting from strong economic growth

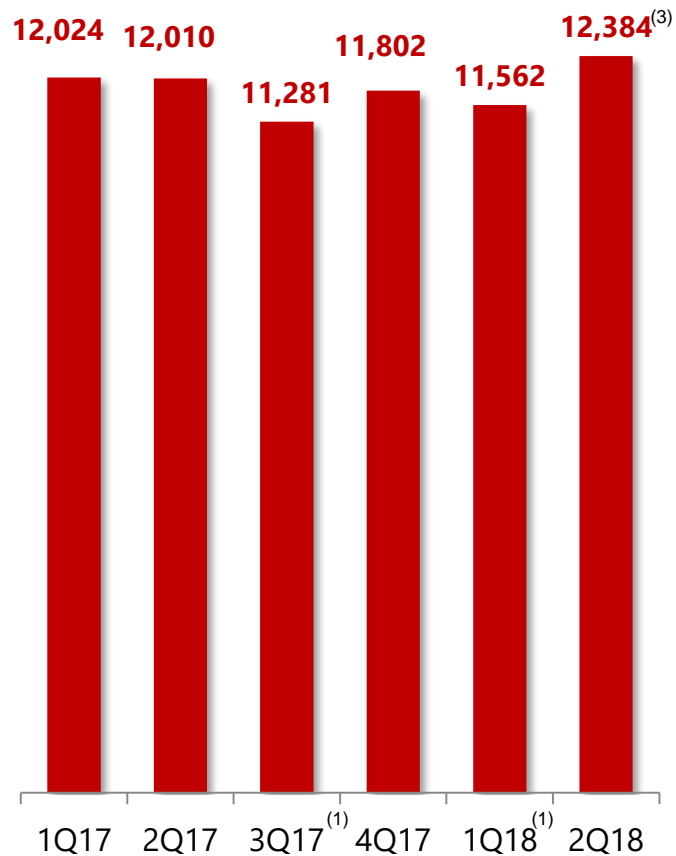
- ✓ China, Hangzhou and Wuhan's GDP expanded by **6.8%** ⁽³⁾, **7.6%** ⁽⁴⁾ and **8.2%** ⁽⁵⁾ respectively while the e-commerce sector in Hangzhou and Wuhan grew by **20.1%** ⁽⁴⁾ and **26.5%** ⁽⁵⁾ respectively in 1H2018
- ✓ Strong growth rates of Hangzhou and Wuhan **both beat national average**
- ✓ **Domestic focused underlying business** benefitting from healthy economic and industry growth

(1) For 2Q18, the Manager has resolved to distribute 99.3% of the capital distribution to Unitholders.
(2) Annualized based on 1H18 DPU of 3.039 Singapore cents and the closing price of S\$0.72 on 30 June 2018
(3) China National Bureau of Statistics
(4) Hangzhou Bureau of Statistics
(5) Wuhan Bureau of Statistics

Consistent Returns to Unitholders

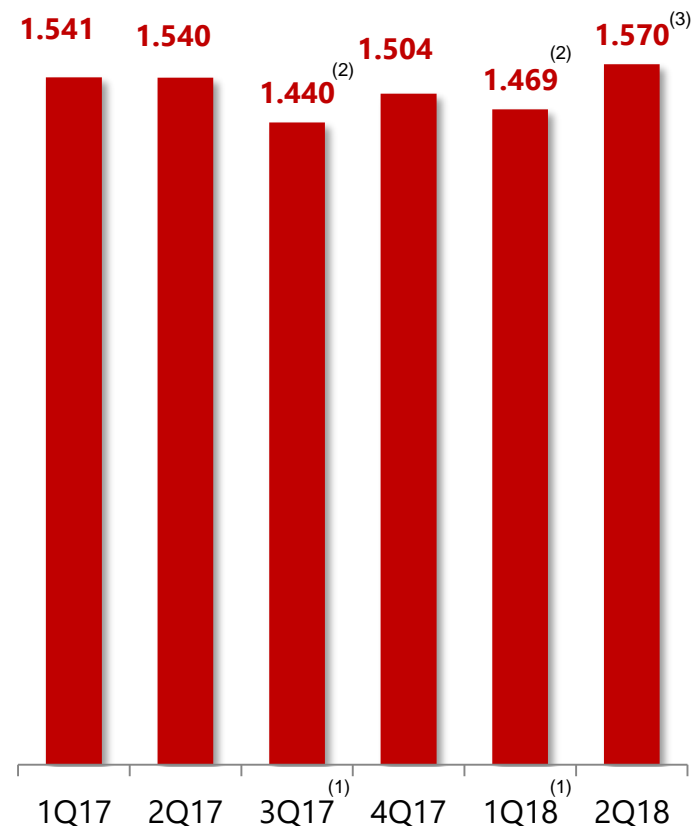
Distributable Income

SGD'000



DPU

Singapore cents



(1) There is a 5% withholding tax expenses incurred during the cash repatriation process

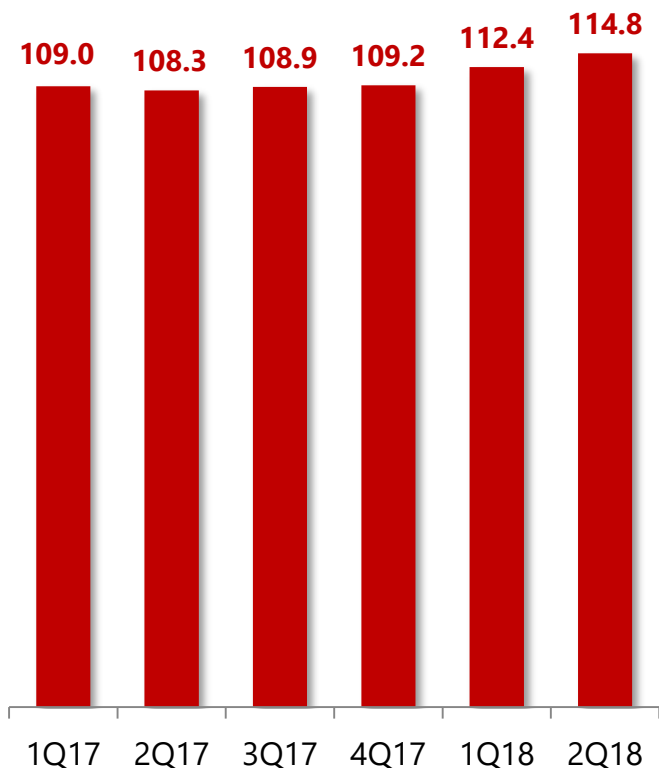
(2) Adjusted DPU gross of withholding tax expenses for 3Q17 and 1Q18 would be 1.530 and 1.570 Singapore cents respectively

(3) For 2Q18, the Manager has resolved to distribute 99.3% of the capital distribution to Unitholders.

Stable Asset Portfolio Performance

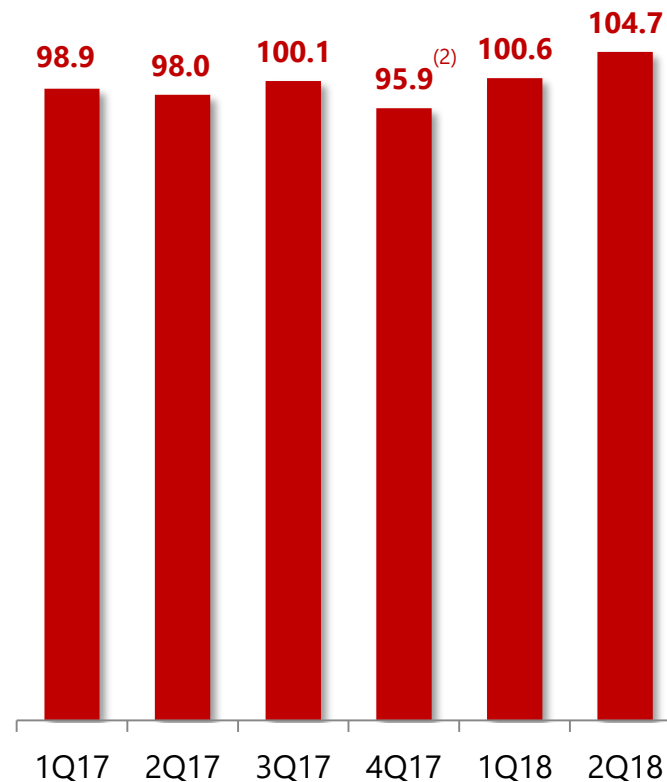
Gross Revenue ⁽¹⁾

RMB million



Net Property Income ⁽¹⁾

RMB million

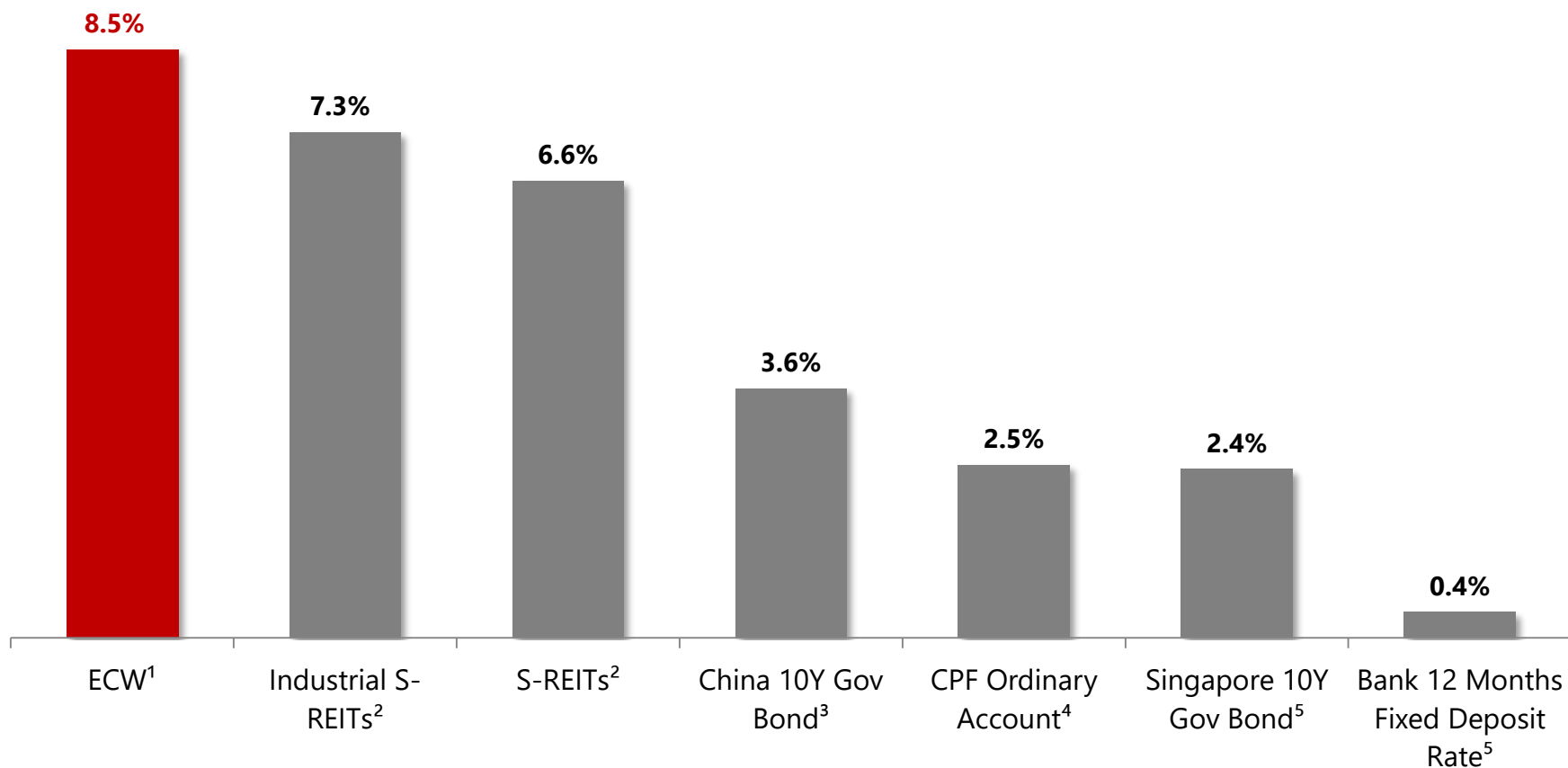


(1) Excluding straight-line and security deposit accretion accounting adjustments

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

ECW Offers an Attractive Yield

EC World REIT is one of the highest yielding investment instruments available to investors



(1) Annualized based on 1H18 DPU of 3.039 Singapore cents and the closing price of S\$0.72 on 30 June 2018

(2) Based on Broker Research

(3) Source: Bloomberg

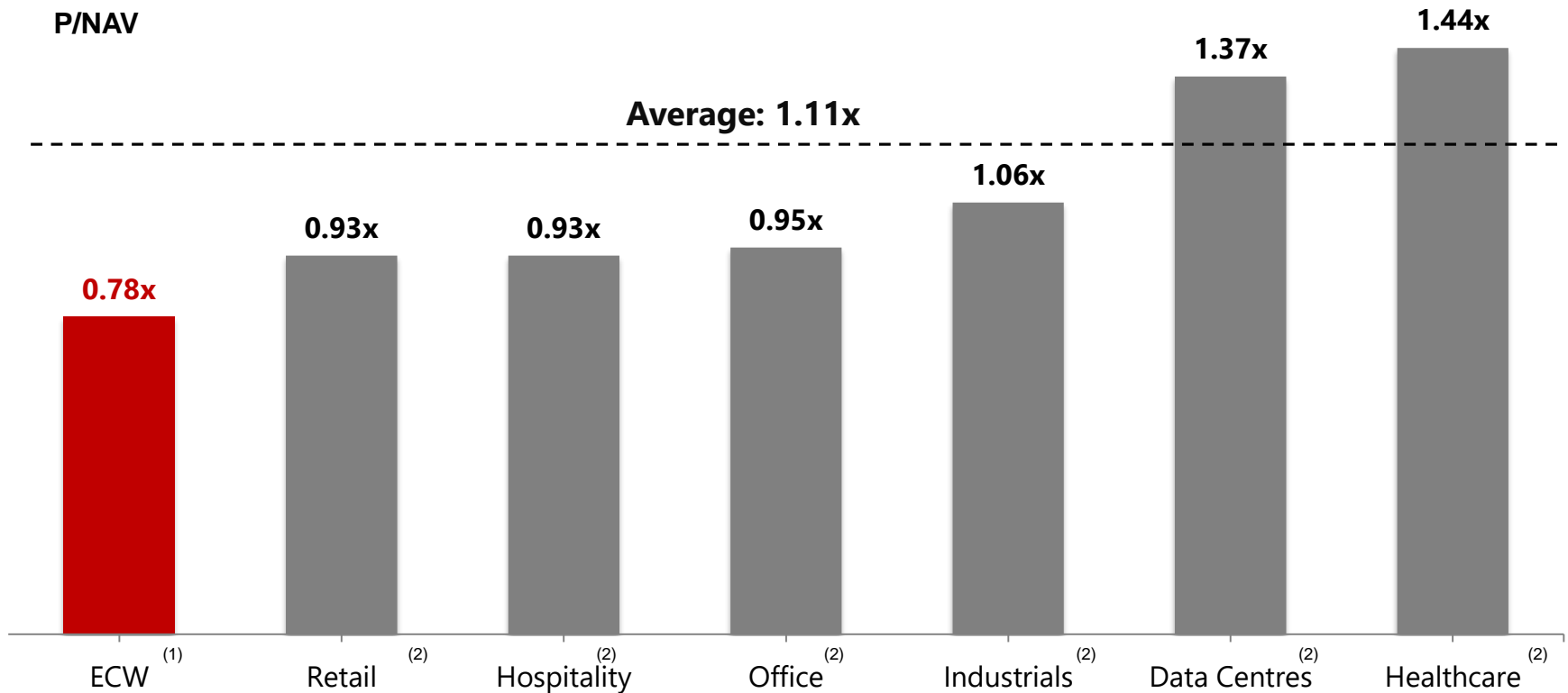
(4) Source: CPF Board

(5) Source: Monetary Authority of Singapore

At a Significantly Lower Valuation

Deeply discounted valuation offering attractive entry opportunity and capital appreciation potential

P/NAV



(1) Based on 2Q18 NAV of \$0.92 and the closing price of S\$0.72 on 30 June 2018

(2) Based on Broker's Research



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Section B: Financial Review



2Q2018 Summary Results

Financial Performance

Year on Year Comparison	2Q2018	2Q2017	Variance (%)	Quarter on Quarter Comparison	2Q2018	1Q2018	Variance (%)
Gross revenue (S\$'000)	24,926	23,161	7.6%	Gross revenue (S\$'000)	24,926	23,939	4.1%
Net property income (S\$'000)	22,807	21,072	8.2%	Net property income (S\$'000)	22,807	21,490	6.1%
Distributable income (S\$'000)⁽¹⁾	12,384	12,010	3.1%	Distributable income (S\$'000)⁽¹⁾	12,384	11,562	7.1%
Distribution per unit (Singapore cents)⁽¹⁾	1.570	1.540	1.9%	Distribution per unit (Singapore cents)⁽¹⁾	1.570	1.469	6.9%

(1) For 2Q18, the Manager has resolved to distribute 99.3% of the capital distribution to Unitholders.

2Q2018 Distribution Timetable

Distribution Timetable

Last Day of Trading on “cum” Basis	:	13 Aug 2018
Ex-date	:	14 Aug 2018
Books Closure Date	:	16 Aug 2018
Distribution Payment Date	:	28 Sep 2018

Review of Performance between 2Q2018 and 2Q2017

Net Property Income

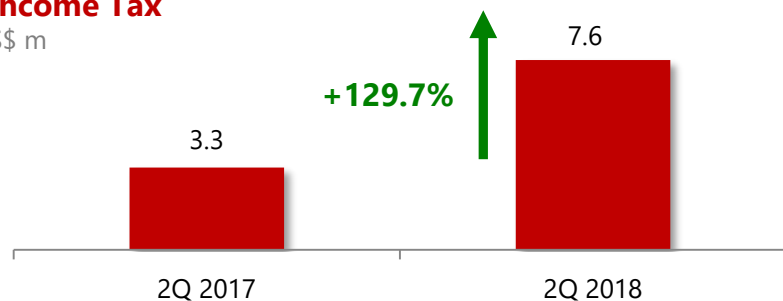
S\$ m



- Revenue increased by 7.6% in 2Q18 Y-o-Y mainly due to strengthening of the RMB vis-à-vis 2Q17 as well as revenue contribution from Wuhan Meiluote
- NPI was 8.2% higher mainly due to the aforementioned factors

Income Tax

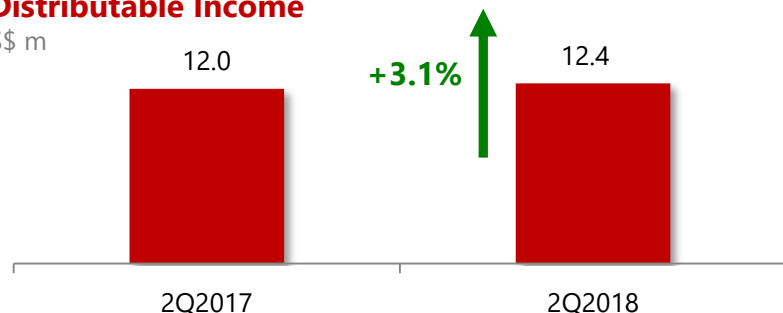
S\$ m



- Income tax expenses were S\$7.6m in 2Q18, or 129.7% higher when compared to 2Q17
- The higher tax expenses were mainly due to the deferred tax impact on fair value gain of Wuhan Meiluote

Distributable Income

S\$ m



- Distributable Income is up 3.1% due to a combination of the aforementioned factors and partially offset by a 5.9% increase in finance costs y-o-y, which is attributed to the renewal of SBLC in the quarter and the higher borrowings compared to 2Q17

Prudent Capital Management

- ✓ Annualized running interest rate: 4.4% ⁽¹⁾
- ✓ 100% of offshore SGD facilities on fixed rate ⁽²⁾
- ✓ Entered into FX option contract to lock in SGDRMB for our RMB income source for 3Q18 distributions . Continues to maintain a rolling 6 month FX hedging strategy

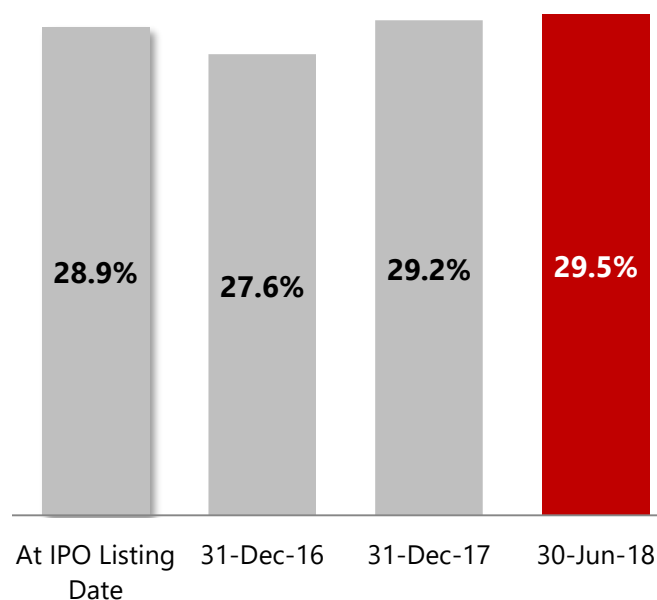
Key Debt Figures

Total Debt Drawdown as at 30 Jun 2018	<ul style="list-style-type: none"> • RMB 1,004.2 million onshore • S\$ 200.0 million offshore • S\$ 49.5 million RCF ⁽³⁾
Tenure	Matures in Jul 2019
Annualized Running Interest Rate	<ul style="list-style-type: none"> • Onshore – 5.4% p.a. • Offshore – 4.1% p.a. • RCF – 2.0% p.a.

Forex (SGD/RMB)

1Q 2018	4.843 (Hedged)
2Q 2018	Hedged through put spread <ul style="list-style-type: none"> • Buy CNH put at 4.8134 • Sell CNH put at 4.8634
3Q 2018	Hedged through put spread <ul style="list-style-type: none"> • Buy CNH put at 4.920 • Sell CNH put at 4.950

Healthy Aggregate Leverage



(1) Including amortized upfront fee, the all-in interest rate is 5.4%
 (2) Excluding RCF
 (3) \$49.5 million drawn down from the S\$50.0 million revolving credit facility

Healthy Balance Sheet

S\$'000	As at 30 Jun 2018	As at 31 Mar 2018	As at 31 Dec 2017
Cash and cash equivalents⁽¹⁾	113,362	138,018	138,644
Investment Properties	1,380,783	1,359,661	1,337,010
Total Assets	1,536,828	1,537,916	1,511,239
Borrowings	449,035	438,699	435,501
Total Liabilities	810,744	806,709	793,621
Net Assets attributable to Unitholders	726,084	731,207	717,618
NAV per unit (S\$)	0.92	0.93	0.91

(1) Includes RMB151.7 million (S\$31.3 million) security deposits received from the Master Lease tenants



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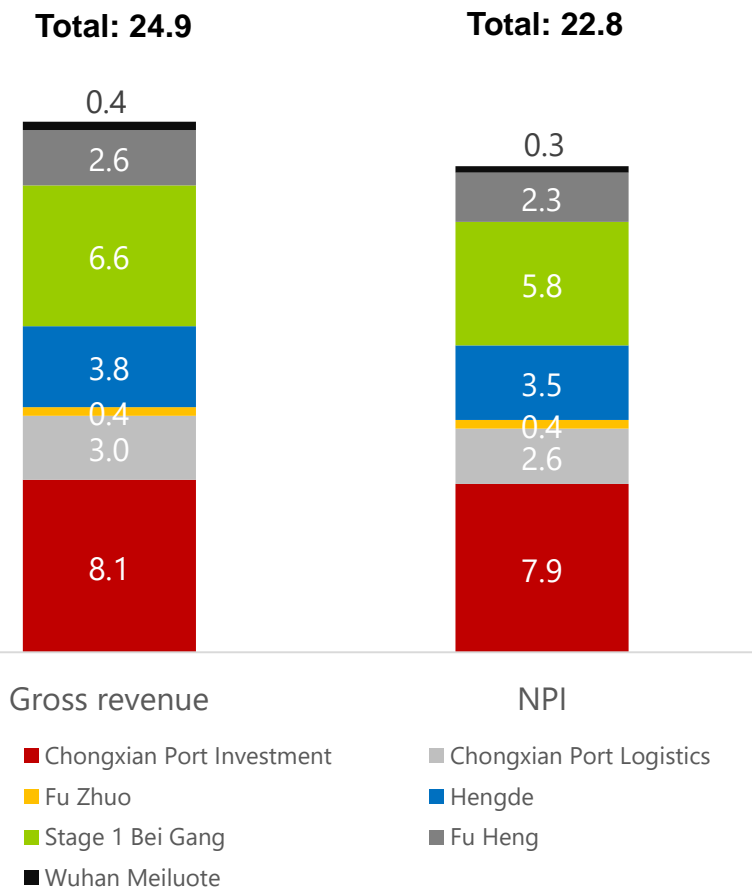
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Section C: Portfolio Update

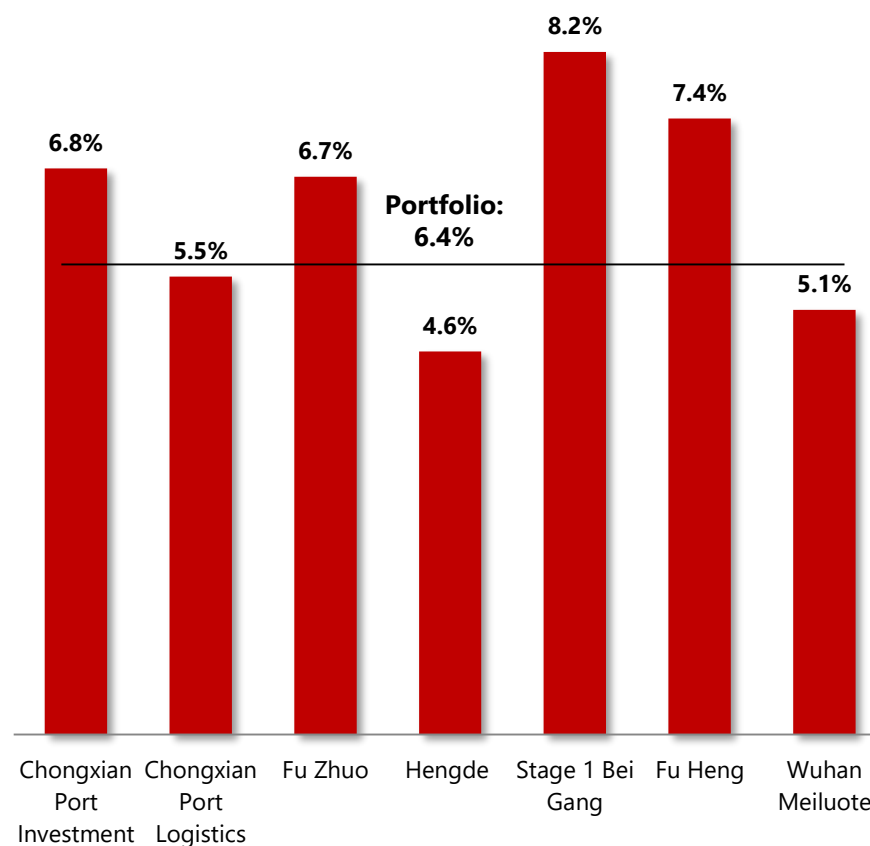


Summary Assets Performance

2Q18 Breakdown by Gross Revenue and NPI (SGD m)



1H18 Annualized NPI Yield ⁽¹⁾

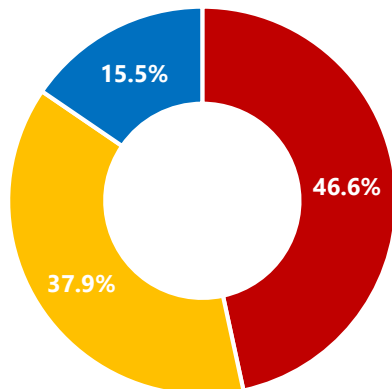


(1) In RMB terms. Based on valuation as at 31 December 2017 except for Wuhan Meiluote which is based on acquisition price of RMB 145 m

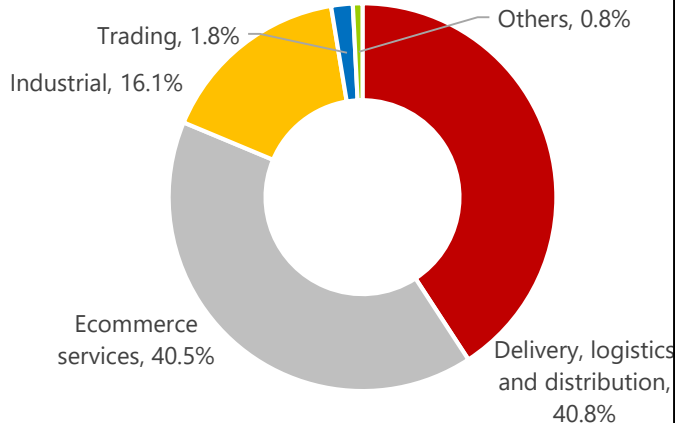
High Quality and Differentiated Asset Portfolio

Breakdown of Portfolio Gross Rental Income

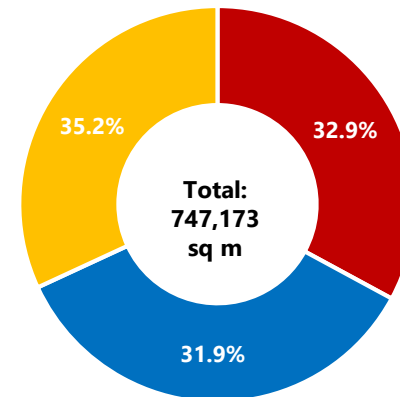
Diversification by asset type ⁽¹⁾



Diversification by trade sector ⁽¹⁾



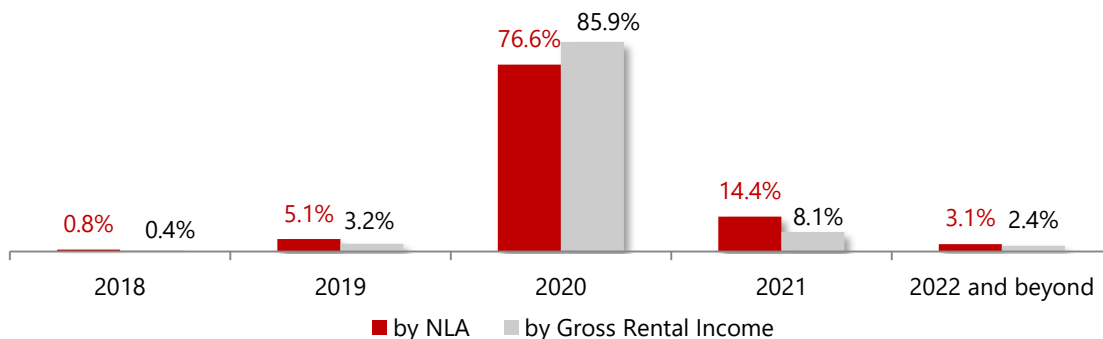
Breakdown by NLA



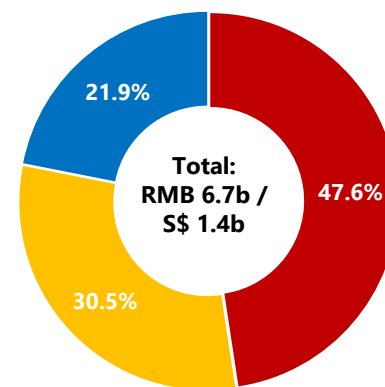
Lease Expiry Profile of Portfolio ⁽²⁾

WALE by NLA: 2.4 years

WALE by Gross Rental Income: 2.5 years



Breakdown by valuation



(1) As at 30 Jun 2018

(2) By Gross Rental Income and committed NLA as at 30 Jun 2018



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Thank You

