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运通网城 REIT

# FY2020 Results Presentation

23 February 2021



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# Agenda

## Section A

FY2020 Key Highlights

## Section B

Financial Review

## Section C

Portfolio Update



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## Section A: FY2020 Key Highlights





# FY2020 Key Highlights

## Prudence in Management



### Proactive asset management

- Provided **rental rebates** to tenants within ECW's portfolio to mitigate impact of COVID-19 situation **in April 2020**
- Secured **renewal of major lease of 159,752 sqm** at Hengde Logistics at **competitive rate in October 2020**
- Healthy **Portfolio occupancy of 99.3%** as at 31 December 2020
- Weighted average lease to expiry of **3.4 years** (by gross rental income) providing predictability in returns



### FY2020 Financials and Distributions

- **10.7% increase in gross revenue to S\$109.7 million** mainly due to contribution from **Fuzhou E-commerce** which was acquired in August 2019 and **organic rental escalations** and **appreciation of RMB vs SGD offset by one-off rental rebates** provided to tenants **in 1QFY20** in view of the COVID-19 situation
- Continue on **quarterly distribution. 4QDPU of 1.427 cents** translate to **trading yield of 7.5%**<sup>1</sup>



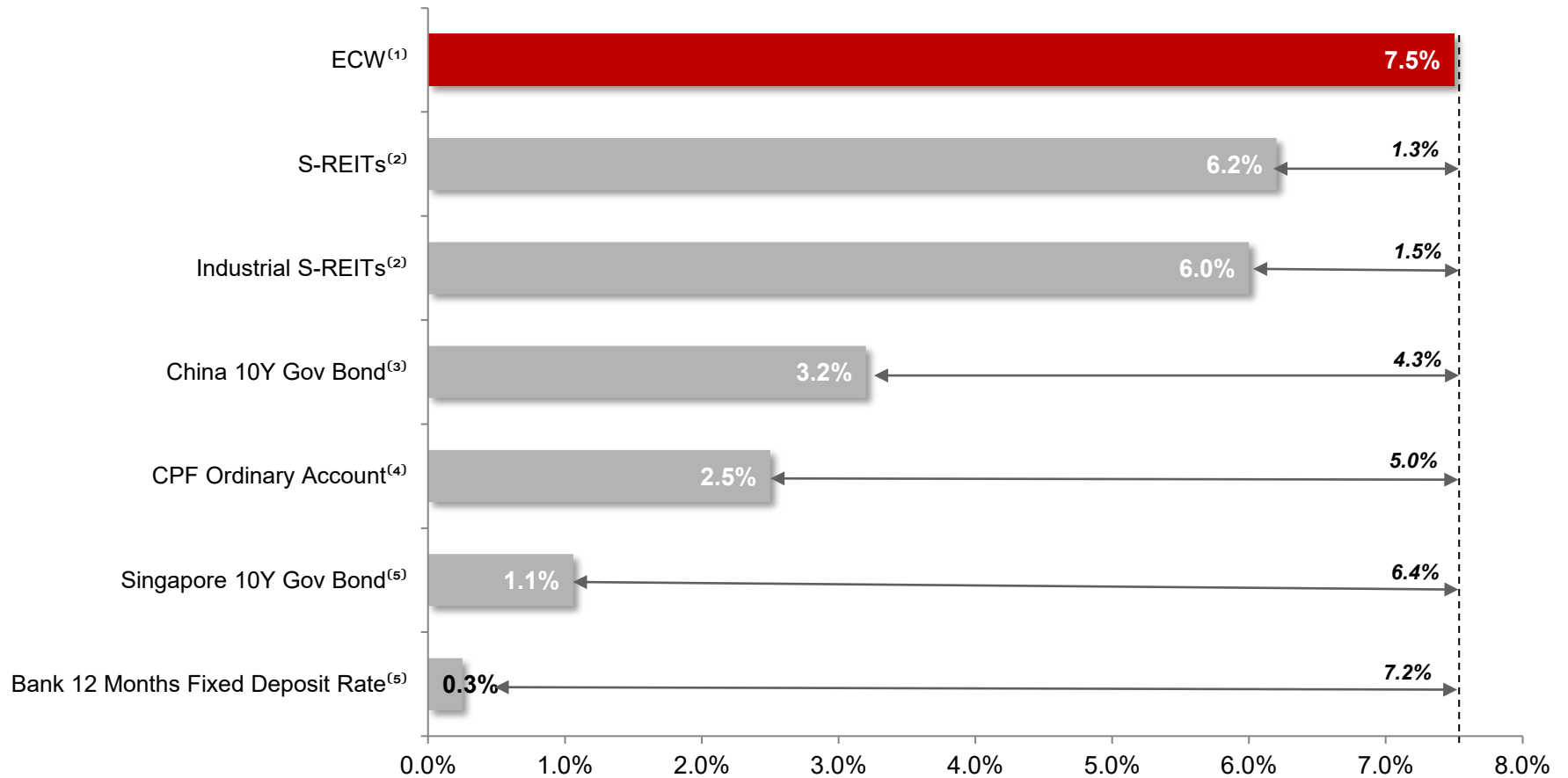
### Stable Capital and Debt Structure

- **All-in running interest rate** for FY2020 of **4.3%**
- Weighted Average Term of Debt Expiry of **1.6 years**
- **No major refinancing requirement in the short term**

(1) Based on DPU of 5.359 Singapore cents and closing price of S\$0.715 per unit as at 31 December 2020.

# Distribution Yield

## Attractive Yield Compared to Peers



(1) Based on FY20DPU of 5.359 Singapore cents and closing price of S\$0.7.15 per unit as at 31 December 2020.

(2) Based on Broker Research

(3) Source: Bloomberg

(4) Source: CPF Board

(5) Source: Monetary Authority of Singapore

# 4QFY2020 Distribution Timetable

## Distribution Timetable

<b>Last Day of Trading on “cum” Basis</b>	:	11 March 2021 (Thursday)
<b>Ex-date</b>	:	12 March 2021 (Friday)
<b>Record Date</b>	:	15 March 2021 (Monday)
<b>Distribution Payment Date</b>	:	31 March 2021 (Wednesday)



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## Section B: Financial Review





## 4QFY2020 Summary Results

Year on Year Comparison	4QFY2020	4QFY2019	Variance (%)
Gross revenue (S\$'000)	29,532	25,862	14.2
Net property income (S\$'000)	27,203	24,475	11.1
Finance Cost (S\$'000)	(9,851)	(9,723)	1.3
Total amount available for distribution (S\$'000)	12,783	12,741	0.3
Amount retained (S\$'000) <sup>1</sup>	1,284	643	n.m.
Distribution to Unitholders (S\$'000)	11,499	12,098	(5.0)
Applicable number of units for computation of DPU (million)	805.8	801.2	0.6
Distribution Amount Available per Unit <sup>2</sup> (Singapore cents)	1.586	1.590	-0.1
<b>Distribution per unit after retention (Singapore cents)</b>	<b>1.427</b>	<b>1.510</b>	<b>-5.5</b>

(1) Retention of total amount available for distribution in view of in view of uncertainties arising from prolonged coronavirus disease ("COVID-19") pandemic globally and for general working capital purpose.

(2) On 100% distribution basis

- Gross revenue was **S\$3.7 million higher** than 4Q2019. NPI was S\$2.7 million higher compared to 4Q2019.
- In **RMB terms**, the gross revenue and NPI were **8.7% and 5.8% higher** respectively compared to 4Q2019.
- After straight-line, security deposit accretion and other relevant distribution adjustments, the **gross revenue and NPI in RMB terms** were **7.8% and 3.1% higher** respectively compared to 4Q2019, mainly due to contribution from **organic rental escalations and appreciation of RMB against SGD**.
- **Distribution to Unitholders declined 5.0%** mainly due to **10% retention** of distributable income in 4Q2020 as compared to 5% in 4Q2019.
- On a **like-for-like basis (without retention)**, total amount available for distribution would have **increased 0.3% year-on-year**. **DPU** would have **declined marginally by 0.1%** due to higher unit base.

## 4QFY2020 Summary Results

Year on Year Comparison	4QFY2020	3QFY2020	Variance (%)
Gross revenue (S\$'000)	29,532	28,455	3.8
Net property income (S\$'000)	27,203	26,131	4.1
Finance Cost (S\$'000)	(9,851)	(9,721)	1.3
Total amount available for distribution (S\$'000)	12,783	12,283	4.1
Amount retained (S\$'000) <sup>1</sup>	1,284	1,111	n.m.
Distribution to Unitholders (S\$'000)	11,499	11,172	2.9
Applicable number of units for computation of DPU (million)	805.8	804.9	0.1
Distribution Amount Available per Unit <sup>2</sup> (Singapore cents)	1.586	1.525	4.0
<b>Distribution per unit after retention (Singapore cents)</b>	<b>1.427</b>	<b>1.388</b>	<b>2.8</b>

- **Gross revenue and NPI increased S\$1.6 million mainly due to better portfolio performance**
- **Total amount available for distribution increased mainly due to higher revenue**
- **Distribution per unit of 1.427 Singapore cents after retention is 2.8% higher than 3QFY20**

(1) Retention of total amount available for distribution in view of in view of uncertainties arising from prolonged coronavirus disease ("COVID-19") pandemic globally and for general working capital purpose.

(2) On 100% distribution basis

# FY2020 Summary Results

Year on Year Comparison	FY2020	FY2019	Variance (%)
Gross revenue (S\$'000)	109,726	99,128	10.7
Net property income (S\$'000)	100,307	89,737	11.8
Finance Cost (S\$'000)	(39,059)	(32,936)	18.6
Total amount available for distribution (S\$'000)	47,230	48,851	(3.3)
Amount retained (S\$'000) <sup>1</sup>	4,119	643	n.m.
Distribution to Unitholders (S\$'000)	43,111	48,208	(10.6)
Applicable number of units for computation of DPU (million)	805.8	801.2	0.6
Distribution Amount Available per Unit (Singapore cents) <sup>2</sup>	5.869	6.127	(4.2)
<b>Distribution per unit after retention (Singapore cents)</b>	<b>5.359</b>	<b>6.047</b>	<b>(11.4)</b>

(1) Retention of total amount available for distribution in in view of in view of uncertainties arising from prolonged coronavirus disease ("COVID-19") pandemic globally and for general working capital purpose.

(2) On 100% distribution basis

- In **SGD terms, gross revenue and NPI** were both **S\$10.6 million higher** than FY2019.
- In RMB terms, the gross revenue and NPI were 9.2% and 10.3% higher respectively compared to FY2019.
- After straight-line, security deposit accretion and other relevant distribution adjustments, the **gross revenue and NPI in RMB terms** were **9.5% and 8.8% higher** respectively compared to FY2019, mainly due to contribution from **Fuzhou E-commerce** which was acquired in August 2019 and **organic rental escalations and appreciation of RMB against SGD, offset by one-off rental rebates** given to tenants to mitigate the adverse effects of the current COVID-19 situation on tenants' operations.
- Higher finance costs of S\$6.1 million compared to FY2019, mainly due to **higher loan quantum** undertaken for acquisition of Fuzhou E-Commerce in Aug 2019
- **Distribution to Unitholders** of S\$43.1 million is 10.6% lower mainly due to rental rebates given in 1Q20 as announced on 3 April 2020 and retention of distributable income
- The Manager has decided not to receive its performance fee for the period from 1 January 2020 to 31 December 2020.

# Stable Balance Sheet

<b>S\$'000</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2019</b>
<b>Cash and cash equivalents<sup>(1)</sup></b>	<b>151,692</b>	<b>119,469</b>
<b>Investment Properties</b>	<b>1,623,653</b>	<b>1,567,586</b>
<b>Total Assets</b>	<b>1,815,654</b>	<b>1,724,041</b>
<b>Borrowings</b>	<b>683,831</b>	<b>654,514</b>
<b>Total Liabilities</b>	<b>1,100,144</b>	<b>1,040,116</b>
<b>Net Assets attributable to Unitholders</b>	<b>715,510</b>	<b>683,925</b>
<b>NAV per unit (S\$)</b>	<b>0.89</b>	<b>0.85</b>

(1) Includes RMB194.7 million (S\$39.4 million) cash security deposits received from the master leases and cash deposits of RMB484.4 million (S\$98.0 million) placed as collateral for standby letter of credit ("SBLC") issuance.

# Prudent Capital Management

## Proactive Capital Management

### FY20 Summary

- ❑ **Stable running interest rate: 4QFY2020 and FY2020 blended** running interest rate of **4.2% and 4.3% respectively**
- ❑ Aggregate leverage of **38.1%**
- ❑ **Weighted Average Debt Maturity** of **1.6 years**
- ❑ Interest coverage ratio of **2.62x<sup>(1)</sup>**
- ❑ Proactive monitoring of exchange rate.

### Key Debt Figures

#### Total Debt Drawdown as at 31 December 2020

- Onshore: RMB1,018.0 and RMB77.0 million
- Offshore: S\$305.6 million and US\$86.8 (S\$114.8 million)
- S\$85.7 million RCF <sup>(2)</sup>

#### 4QFY2020 Blended Running Interest Rate<sup>(3)</sup>

- Onshore – 6.0% p.a.
- Offshore – 4.1% p.a.
- RCF – 1.0% to 1.7% p.a.

#### Hedging Profile Forex (SGD/RMB) for 4QFY20 distribution

- Hedged through call vanilla option
- Strike price at CHN 4.8915

(1) Calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.

(2) S\$85.7 million drawn down from the S\$120.0 million revolving credit facility

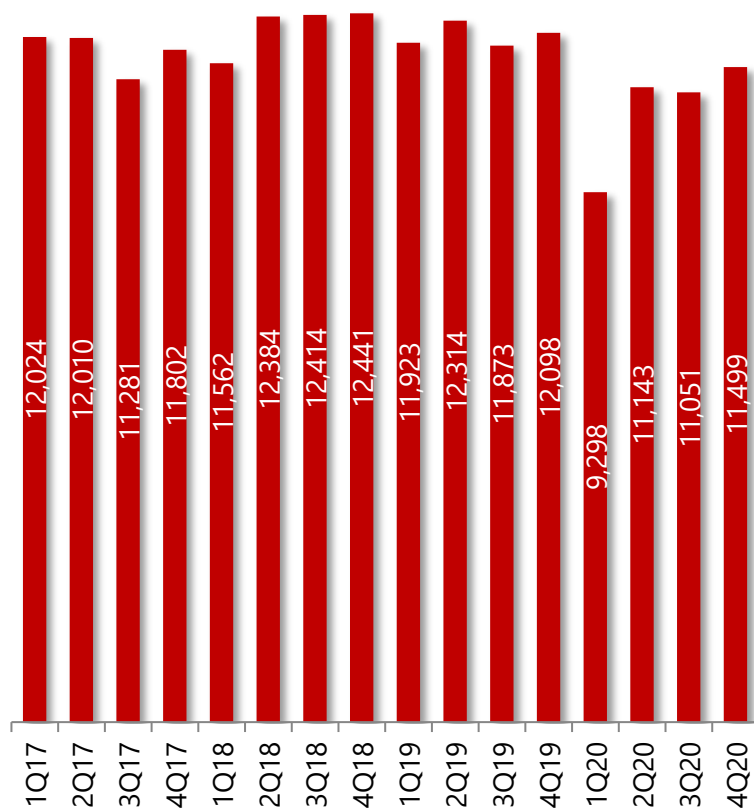
(3) Including amortized upfront fee, the all-in interest rate is 5.1% for 4QFY2020 and FY2020



# Distributions to Unitholders

## Distribution to Unitholders

SGD'000



## DPU

Singapore cents



(1) For 4QFY2019 and 1QFY2020, ECW distributed 95% of total amount available for distribution to Unitholders. Based on a 100% distribution, DPU would have been 1.590 cents and 1.219 cents for 4QFY2019 and 1QFY2020 respectively. For 2QFY20, ECW distributed 90% of total amount available for distribution to Unitholders. For 3QFY20, ECW retained 9% of total amount available for distribution. For 4QFY20, ECW retained 10% of total amount available for distribution. Based on 100% distribution, DPU would have been 1.539 cents, 1.525 cents and 1.586 cents for 2QFY20, 3QFY20 and 4QFY20 respectively.



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## Section C: Portfolio Update



# Stable Portfolio with Embedded Organic Growth

## Healthy Occupancy

### E-Commerce Logistics Assets

Asset	Lease Structure	Occupancy	Key Highlight
Fu Heng	Master Lease: 1 Jan 2016 to 31 Dec 2024 Rental escalation of 3.0% on 1st Jan 2020, 2.0% annually from 1st Jan 2021.	100%	Coveted property; <b>entire suite of facilities</b> supporting e-commerce fulfilment
Fuzhou E-Commerce	Master Lease: 8 Aug 2019 to 7 Aug 2024 Rental escalation of 2.25% per annum	100%	Situated next to Fu Heng. A <b>sizable integrated e-commerce</b> logistics asset
Stage 1 Properties of Bei Gang	Master lease: 1 Nov 2015 to 31 Oct 2024 Annual rental escalation of 1% from Nov 2020 to Oct 2024	100%	One of the <b>largest e-commerce developments</b> in the region
Wuhan Meiluote	Multi Tenanted	86.5%	First acquisition in 2018. Houses mainly e-commerce players

### Specialized Logistics Asset

Asset	Lease Structure	Occupancy	Key Highlight
Hengde Logistics	Multi Tenanted.	100%	Customised environment control warehouse space for major SOE tenant <b>China Tobacco</b>

### Port Logistics Assets

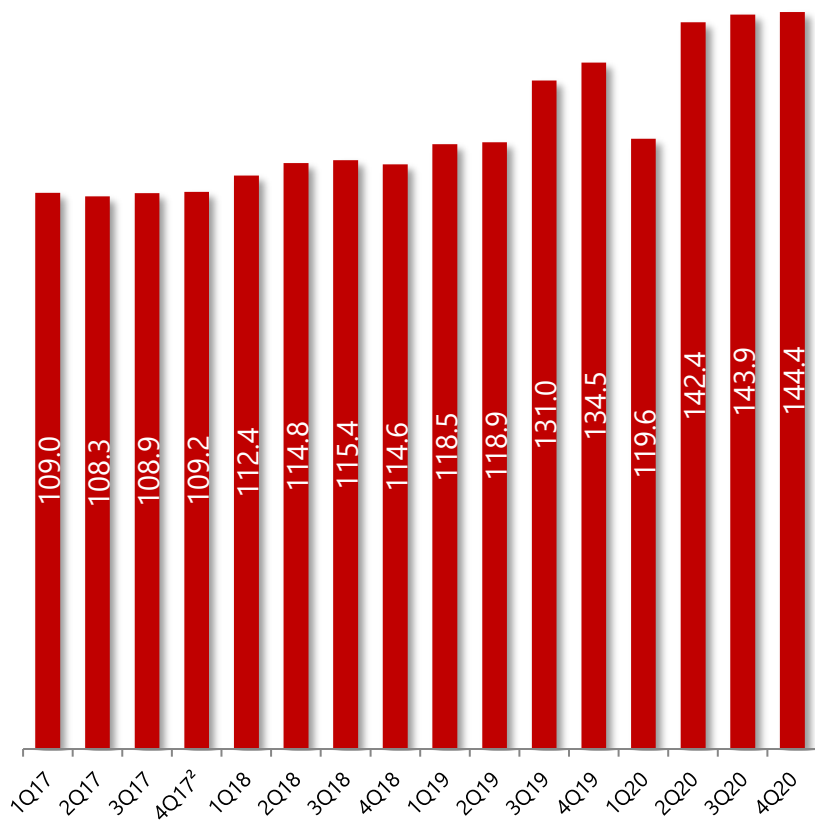
Asset	Lease Structure	Occupancy	Key Highlight
Chongxian Port Investment	Master lease: 1 Jan 2016 to 31 Dec 2024 Rental escalation of 3.0% on 1st Jan 2020 and 2.0% annually from 1st Jan 2021	100%	Leading river port with <b>60% market share</b> for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	100%	<b>Integrated operations</b> , storage processing and logistics distribution for steel products
Fu Zhuo Industrial	Two main tenancies: (1) Apr 2015 to Apr 2020: 10% annually in first 3 years, 15% from Year 4 from and (2) 7.5% every 3 years from Oct 2014 to Oct 2029	100%	<b>Adjacent to port</b> ; for cement related products

# Asset Portfolio Performance

## Business Resumption

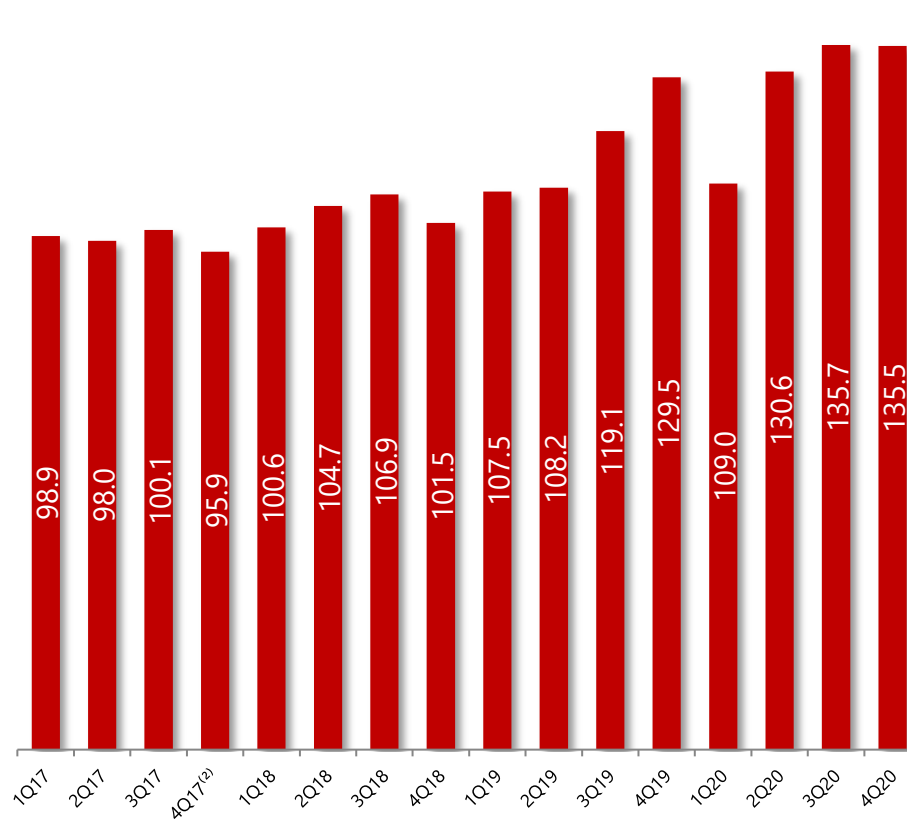
### Gross Revenue (1)

RMB million



### Net Property Income (1)

RMB million

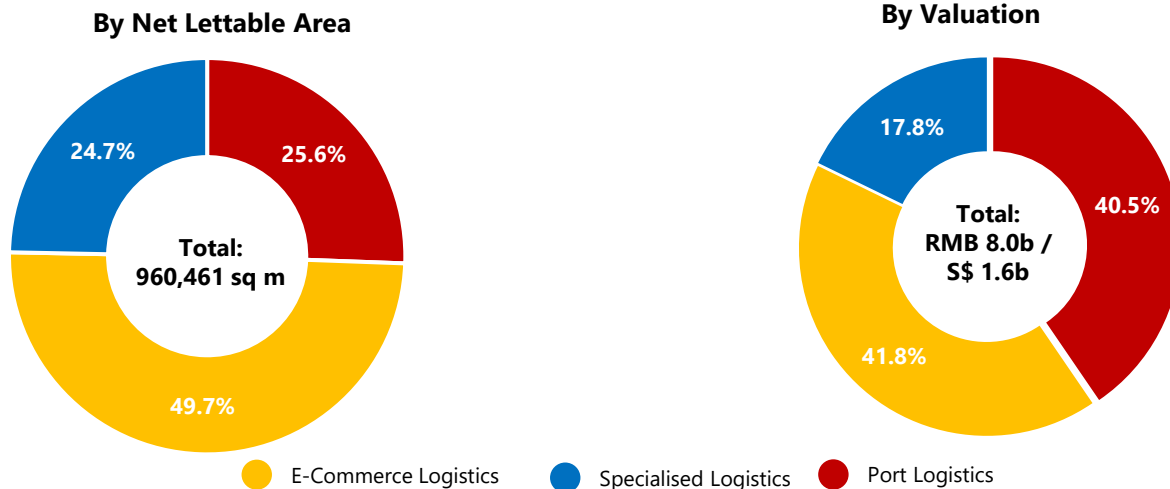


(1) Excluding straight-line, security deposit accretion and other relevant distribution adjustments

(2) Including a provision of impairment (RMB5.2m) of receivables at Fu Zhuo as at 31 Dec 2017. There was no impact to DPU for FY17

# High Quality and Differentiated Asset Portfolio

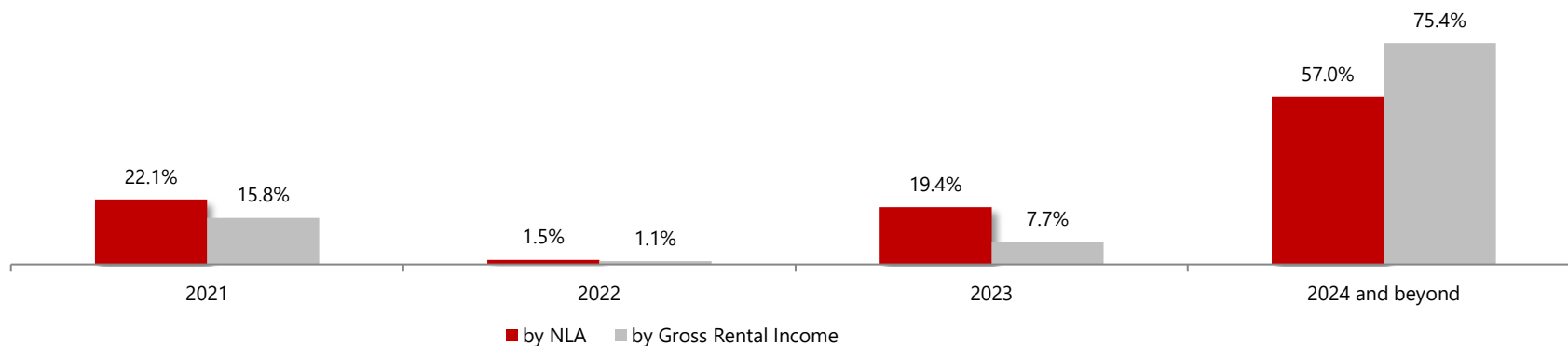
## Portfolio Diversification <sup>(1)</sup>



## Lease Expiry Profile of Portfolio <sup>(1)</sup>

WALE by NLA: 2.9 years

WALE by Gross Rental Income: 3.4 years

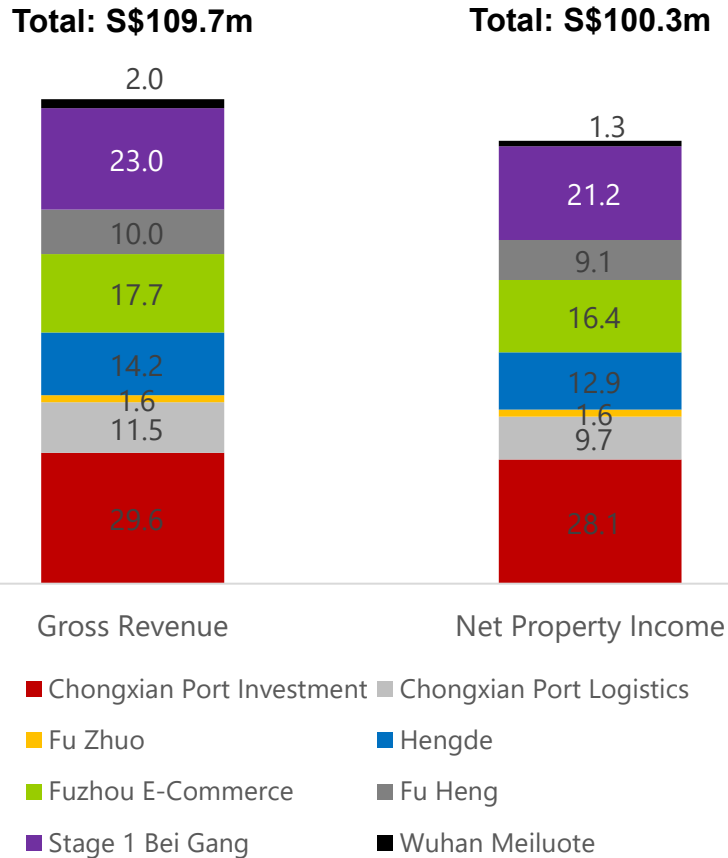


(1) As at 31 December 2020

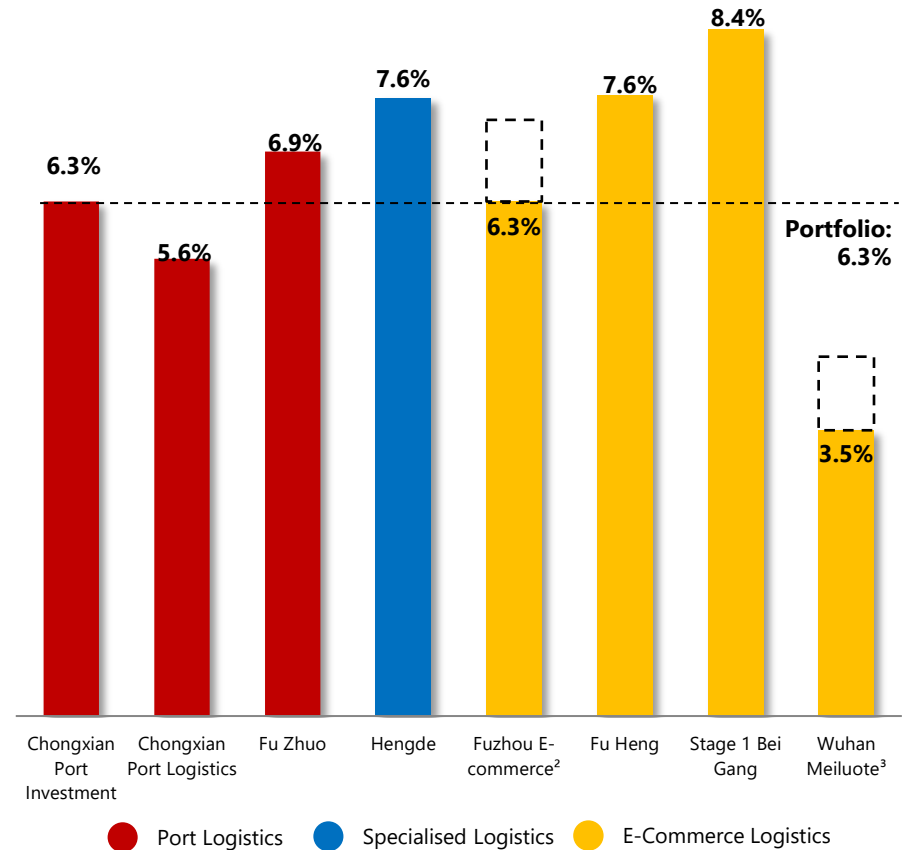


# Summary Assets Performance

## FY2020 Breakdown by Gross Revenue and NPI (SGD m)



## NPI Yield (1)



(1) In RMB terms. Based FY2020 NPI  
 (2) Using acquisition price of RMB1,112.5 million, NPI yield would be 7.3%  
 (3) Using acquisition price of RMB145 million, NPI yield will be 4.4%.



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**For queries, please contact:**

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**Thank You**

