



EC World
运通网城 REIT

FY2018 Annual General Meeting

22 April 2019



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Agenda

Section A	FY2018 Key Highlights
Section B	Financial Review
Section C	Portfolio Update



CONNECTING
the E-Commerce World



BALANCED
Portfolio of Specialised Assets



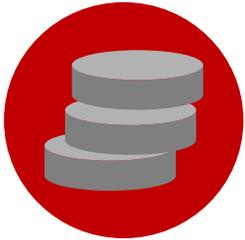
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Section A: FY2018 Key Highlights



FY2018 Key Highlights

Resilient Financials and Stable Operational Performance



Gross Revenue **↑ 5.3%** y-o-y to **S\$96.2m**

Net Property Income **↑ 5.6%** y-o-y to **S\$87.3m**



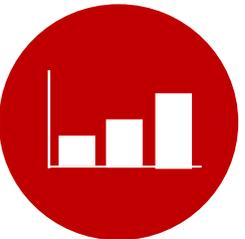
+ 3.2% in Portfolio Valuation⁽¹⁾ to **RMB6,729 million**



DPU **↑ 2.6%** y-o-y to **6.179 cents** for FY2018



Committed Portfolio Occupancy **99.3%**



Inclusion of EC World REIT in FTSE Indices

- **FTSE China Index** – one of 20 constituents
- **FTSE Singapore Shariah Index** – one of 48 constituents



Proposed Entry into New Master Lease Agreements

- Extends Weighted Average Lease to Expiry **from 2.0 years to 4.8 years**⁽²⁾
- Improves **income viability**

(1) Valuation of IPO portfolio increased by 0.6% y-o-y. Includes Wuhan Meiluote which was acquired in April 2018 valued at RMB171m

(2) By Gross Revenue

Support from the Research Community

Increased Coverage | Positive Reporting

DBS

- ✓ Initiation report with “Buy” Call on 21 Feb 2019 with Target Price of S\$0.86
- ✓ “Boon from the e-commerce boom” “Underappreciated stock trading at attractive valuations”

RHB

- ✓ “Buy” initiation in January 2019. Maintained “Buy” rating with S\$0.84 in Feb 2019

Soochow Securities

- ✓ Maintained “Buy” with target price of S\$0.89 in Feb 2019

Philips Securities

- ✓ Maintained “Buy” with target price of S\$0.851 in Mar 2019

Singapore Company Focus
EC World REIT

Bloomberg: ECWREIT SP | Reuters: ECWO.SI Refer to important disclosures at the end of this report

DBS Group Research - Equity21 Feb 2019

BUY
(Initiating Coverage)
Last Traded Price (20 Feb 2019): S\$0.745 (STI : 3,278.38)
Price Target 12-mth: S\$0.86 (15% upside)

Potential Catalyst: Extension of master lease agreements and/or increase in underlying rents, acquisitions

Analyst

Boon from e-commerce boom

- Specialised logistics operator with growing China e-commerce footprint, also setting its sights on high-potential ASEAN market
- Anchored by stable leases, offering above-average yields north of 8%
- Low gearing signals acquisition capacity, with GFA of nearly 500,000 sqm in its ROFR pipeline
- Initiate with BUY and TP of S\$0.86

RHB ◆ **Singapore Results Review**

25 February 2019 Property | REITs

EC World REIT (ECWREIT SP)
Master Leases Extended Until 2024; Keep BUY

BUY (Maintained)

Target Price (Return) SGD0.84 (+11%)
Price: SGD0.755
Market Cap: USD442m
Avg Daily Turnover (SGD/USD) 0.2m/0.1m

• Maintain BUY and raise our DDM-derived TP to SGD 0.84, from SGD 0.81, 11% upside with 8% yield. 4QFY18 results met expectations. With strong earnings visibility from extended master leases up to 4Q24, we lowered by 50bps our COE to 9.5% and lowered FY19-21F DPU 1-2% to factor in a slightly higher interest cost. With its strategically located seven assets, EC World remains a good proxy to the booming e-commerce and

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PhillipCapital

BULL AND BEAR StocksBnB.com

EC World REIT
Optimistic about the outlook

SINGAPORE | REAL ESTATE (REIT) | FY18 RESULTS

- NPI and DPU were in line with our forecast. 5.3% and 5.6% YoY boost in gross revenue and NPI, respectively, driven by the acquisitions of Wuhan Meiluo in 2Q17.
- Wuhan asset performing well after acquisition; slow ramp-up of occupancy at Beilang.
- Early renewal of master lease on favourable terms, pending shareholder vote at an EGM to be convened.
- Maintain Buy with higher TP of S\$0.85 (prev. S\$0.82).

Results at a glance				
(SGD mn)	FY18	FY17	YoY	Comments
Gross revenue	96.2	91.4	5.3%	Increase in revenue mainly due to contributions from Wuhan Meiluo, organic growth from built-

BUY (Maintained)

LAST CLOSE PRICE SGD 0.760
FORECAST DIV SGD 0.063
TARGET PRICE SGD 0.851
TOTAL RETURN 20.2%

COMPANY DATA
BLOOMBERG CODE: EREIT SP
O/S SHARES (MN): 3,170
MARKET CAP (USD mn / SGD mn): 1220 / 1648
52 - WK HIGH (SGD): 0.89 / 0.47
3M Average Daily T/O (mn): 1.03

1 March 2019

东吴中新资本
SOOCHOW CSSD CAPITAL MARKETS

Results Review
Singapore REITs

25 February 2019

BUY

TP: SGD 0.89
▲ 18.0%

EC World REIT

ECWREIT.SP

Strengthened portfolio; imminent asset injection

EC World REIT (ECW) 4Q18 DPU grew by a robust 4.4% YoY, driven by Wuhan Meiluo's full contribution, in-built rental escalations, and positive reversions. The early renewal of 3 master leases (~61% of asset value, with +1-2% pa step-ups) in FY21E-24E enhances stability on the underlying portfolio. In addition, we think Fu Zhou ROFR asset injection is imminent, boosting DPU further. Reiterate BUY with a revised TP\$0.89/unit.

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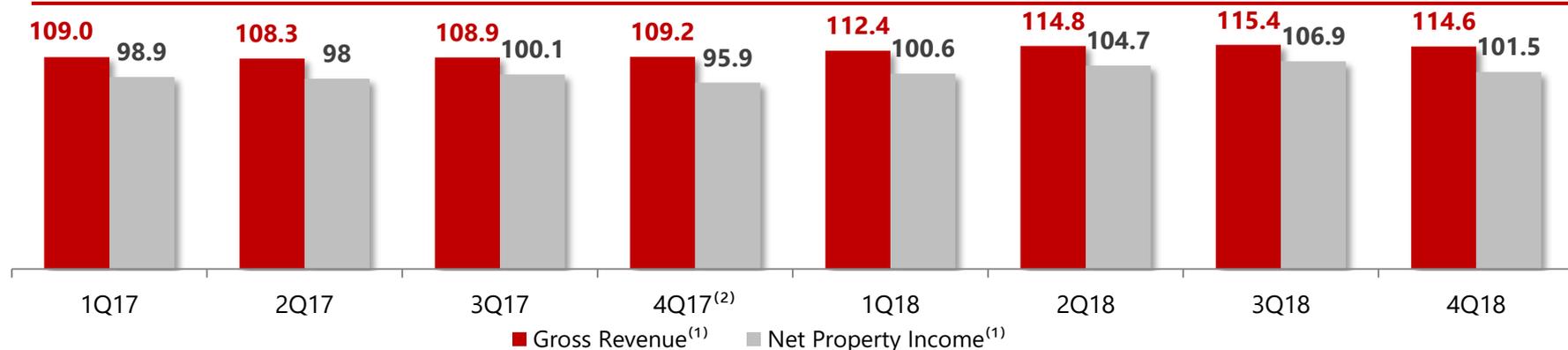
Section B: Financial Review



Stable Portfolio Performance with Predictable Returns

Stable Portfolio Performance with Consistent Returns to Unitholders

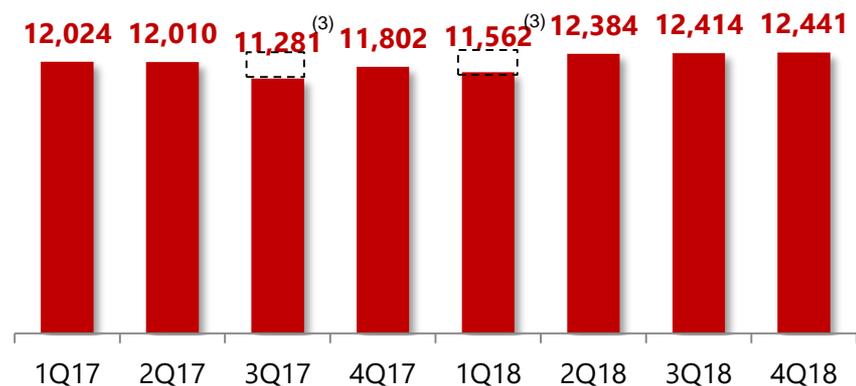
Operating Performance (RMB'm)



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

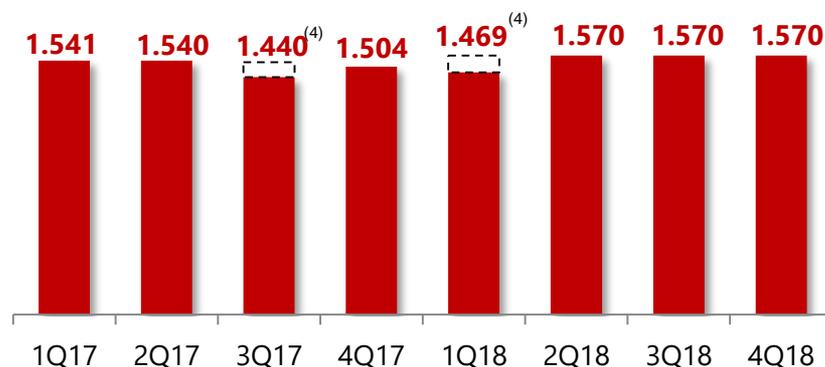
(2) Including a provision of impairment (RMB5.2m) of receivables at Fu Zhuo in 4QFY17. There was no impact to DPU for FY2017

Distribution to Unitholders (S\$'000)



(3) There is a 5% withholding tax expenses incurred during the cash repatriation process for Distribution to Unitholders. Adjusted distributable income gross of withholding tax expenses would be about S\$12.0 million and S\$12.4 million for 3Q17 and 1Q18 respectively.

DPU (Singapore Cents)



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

Prudent Capital Management

- ✓ Annualized running interest rate: 4.3% ⁽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 1QFY19 distributions. Continues to maintain a rolling 6 month FX hedging strategy

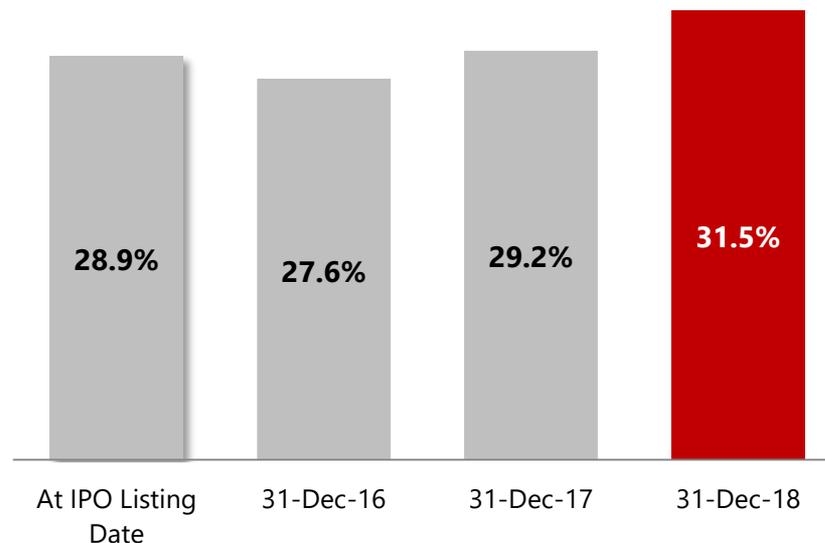
Key Debt Figures

Total Debt Drawdown as at 31 Dec 2018	<ul style="list-style-type: none"> • RMB 983.0 million onshore • S\$ 200.0 million offshore • S\$ 81.9 million RCF ⁽³⁾
Tenure	Matures in Jul 2019
FY18 Running Interest Rate	<ul style="list-style-type: none"> • Onshore – 5.5% p.a. • Offshore – 4.1% p.a. • RCF – 2.2% p.a.

Forex (SGD/RMB)

3Q 2018	Hedged through put spread <ul style="list-style-type: none"> • Buy CNH put at 4.920 • Sell CNH put at 4.950
4Q 2018	Hedged through put spread <ul style="list-style-type: none"> • Buy CNH put at 5.020 • Sell CNH put at 5.050
1Q 2019	Hedged through put spread <ul style="list-style-type: none"> • Buy CNH put at 5.050 • Sell CNH put at 5.080

Healthy Aggregate Leverage

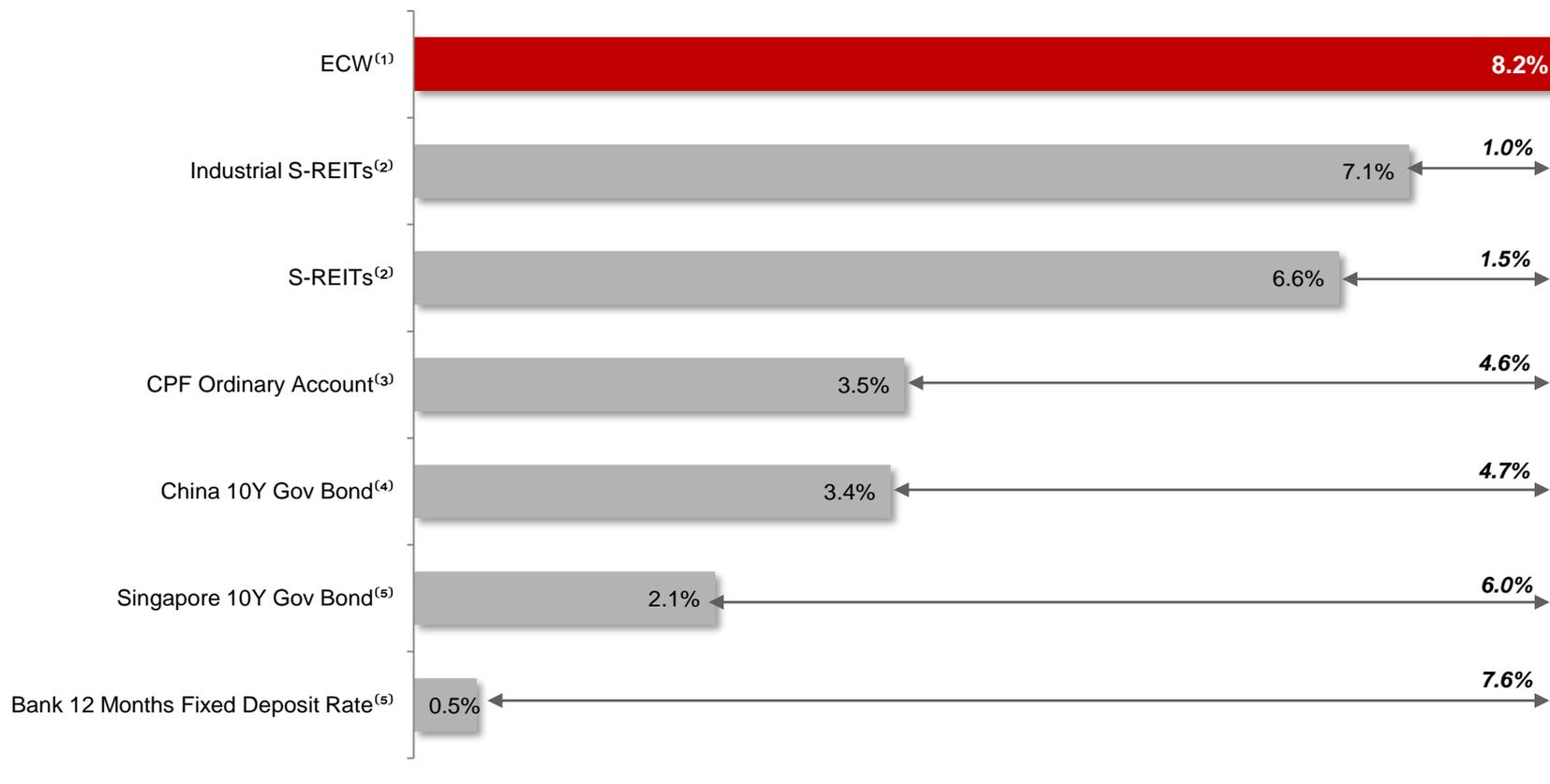


(1) Including amortized upfront fee, the all-in interest rate is 5.2% for FY18
 (2) Excluding RCF
 (3) \$81.9 million drawn down from the S\$100 million revolving credit facility

Attractive Yield with Consistent Return

High Yield Offering Attractive Entry Opportunity and Capital Appreciation Potential

Trading Yield (%)



(1) Based on FY18 DPU of 6.179 Singapore cents and closing price of S\$0.755 on 18 March 2019

(2) Based on Broker Research

(3) Source: CPF Board

(4) Source: Bloomberg

(5) Source: Monetary Authority of Singapore



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Section C: Portfolio Update



Stable Portfolio with Augmented Growth Potential

High Income Visibility | Built-in Escalations | Exposure to E-Commerce Logistics Sector

E-Commerce Logistics Assets

Asset	Lease Structure	Occupancy	Key Highlight
Fu Heng	Master Lease: 4.0% and 3.0% on 1st Jan 2019 and 2020 respectively	100%	Coveted property; entire suite of facilities supporting ecommerce fulfilment
Stage 1 Prop. of Bei Gang	Master Lease: Rental escalation of 1% on 1st Jan 2019 and 2020;	100%	One of the largest e-commerce developments in the region
Wuhan Meiluote	Multi Tenanted; Between 4.5% to 5% per annum	88.7%	First acquisition in 2018; marquee tenants - JD.com and Dang Dang

Specialized Logistics Asset

Asset	Lease Structure	Occupancy	Key Highlight
Hengde Logistics	Multi Tenanted: 2 main leases. Up to 10% upon renewal	100%	Customised environment control warehouse space for major SOE tenant China Tobacco

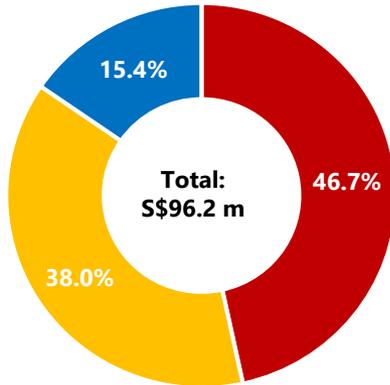
Port Logistics Assets

Asset	Lease Structure	Occupancy	Key Highlight
Chongxian Port Investment	Master Lease: 4.0% and 3.0% on 1st Jan 2019 and 2020 respectively	100%	Leading river port with 60% market share for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	100%	Integrated operations , storage processing and logistics distribution for steel products
Fu Zhuo Industrial	Two main tenancies: (1) 10% annually in first 3 years, 15% from Year 4 from Oct 2015 to Oct 2020 and (2) 7.5% every 3 years from May 2016 to May 2021	100%	Adjacent to port ; for cement related products

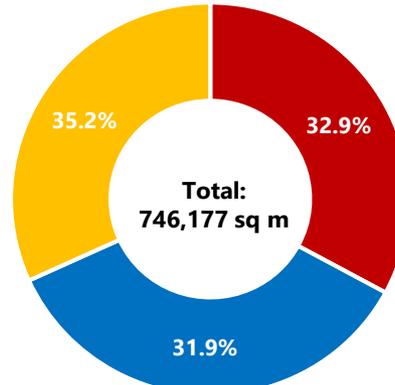
High Quality and Differentiated Asset Portfolio

Portfolio Diversification

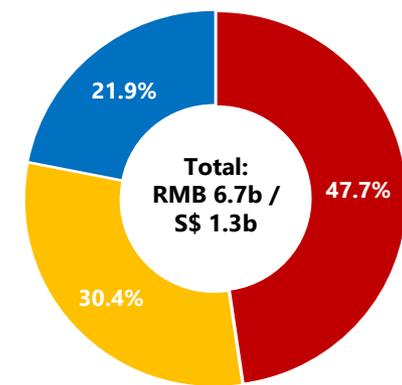
By Gross Rental Income Contribution⁽¹⁾



By Net Lettable Area



By Valuation

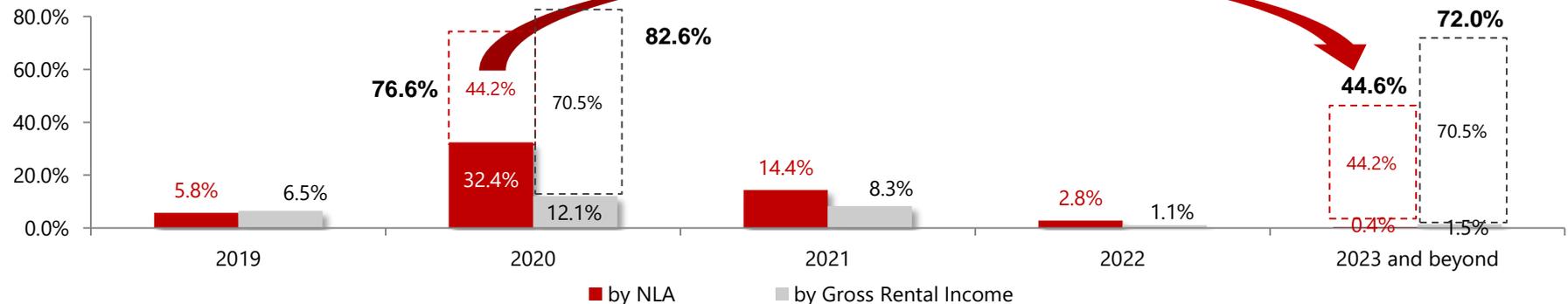


● E-Commerce Logistics ● Specialised Logistics ● Port Logistics

Lease Expiry Profile of Portfolio ⁽²⁾

WALE by NLA: 1.9 years → 3.6 years

WALE by Gross Rental Income: 2.0 years → 4.8 years



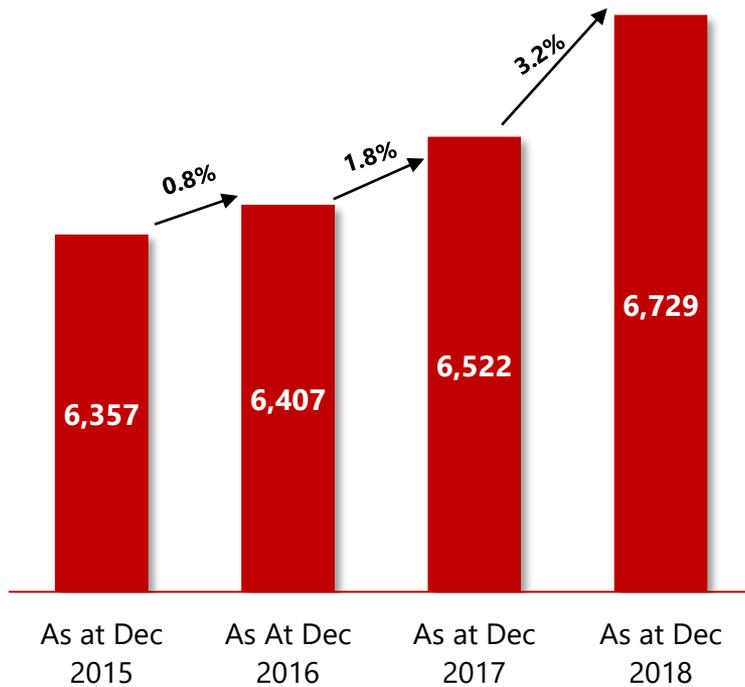
(1) For FY18 ended 31 Dec 2018

(2) As at 31 Dec 2018. WALE is expected to extend to 3.6 years and 4.8 years (by NLA and Gross Revenue respectively) post entry into the new MLA

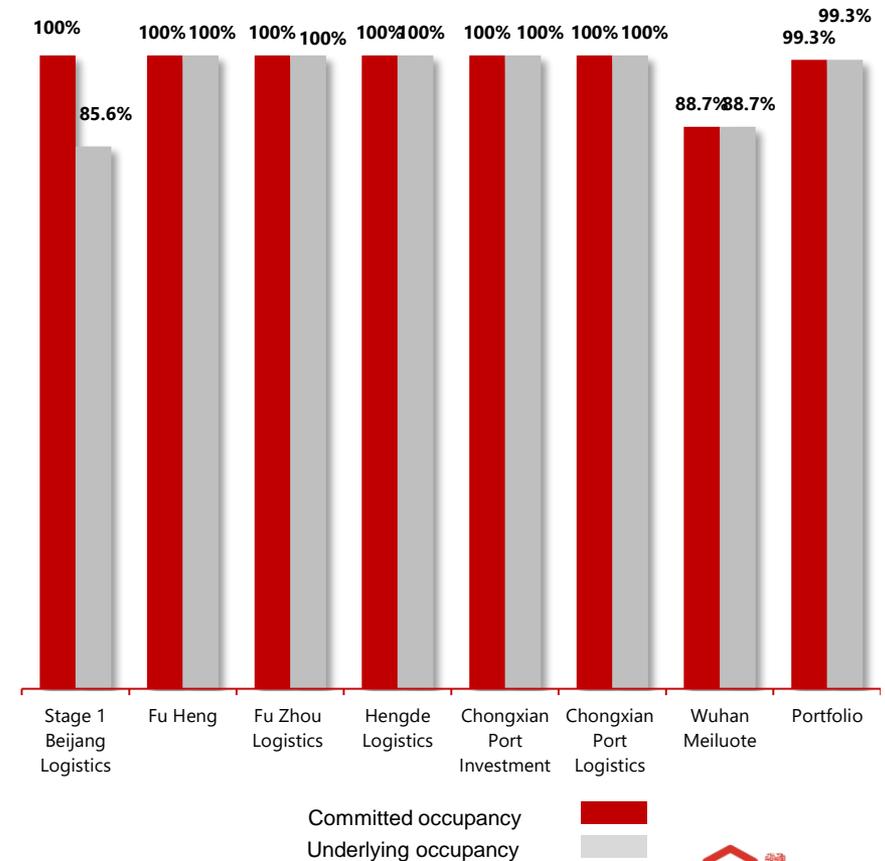
Resilient and Balanced Portfolio with Growth Potential

Valuation has Increased for 3 Consecutive Years with Strong Occupancy

Asset under Management (RMB m)



Occupancy Rate (as at 31 Dec 2018)





CONNECTING
the E-Commerce World



BALANCED
Portfolio of Specialised Assets



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Thank You

