



CONNECTING  
the E-Commerce World



BALANCED  
Portfolio of Specialised Assets



**EC World**  
运通网城 REIT

# FY2019 Annual General Meeting

9 June 2020



# Disclaimer

This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

The information contained in this presentation has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither EC World Asset Management Pte. Ltd. (the “Manager”) nor any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The forecast performance of EC World Real Estate Investment Trust (“EC World REIT”) is not indicative of the future or likely performance of EC World REIT. The forecast financial performance of EC World REIT is not guaranteed.

The value of units in EC World REIT (“Units”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). It is intended that unitholders of EC World REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

# Agenda

## Section A

Navigating COVID-19

## Section B

Lookback at FY2019

## Section C

1QFY2020 Financials & Operational Updates



CONNECTING  
the E-Commerce World



BALANCED  
Portfolio of Specialised Assets



**EC World**  
运通网城 REIT

# Section A: Navigating COVID-19 Pandemic



# Navigating the COVID-19 Pandemic



- To contain the spread of COVID-19, the Chinese government implemented **large-scale shutdowns and quarantines for almost two months** which put a strain on businesses and operations country-wide.



- **Most restrictions have now been lifted** and **business activities** have largely resumed



- Within EC World REIT's assets, **tenants in all assets have resumed operations** as at 31 March 2020
- While the COVID-19 situation in China seems to be largely controlled, **preventive measures and regulations** have been put **in place** by the Chinese Government to minimize the risk of a second-wave of infection



- Globally, businesses are grappling with **possibility of prolonged recession of global economies**, uncertainty of resumption of cross-border travels as well as supply chain disruptions<sup>1</sup>.
- While the **long-term fundamentals** for the logistics sector in China continue to be **healthy**, **short term volatilities are likely** given the fluidity of the COVID-19 situation globally and the **resultant macroeconomic uncertainties**<sup>1</sup>.
- We will continue to **manage asset portfolio actively** and seek ways to **diversify funding sources** to provide sustainable and predictable distributions



CONNECTING  
the E-Commerce World



BALANCED  
Portfolio of Specialised Assets



**EC World**  
运通网城 REIT

## Section B: Lookback at FY2019



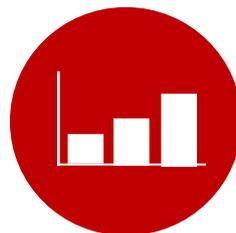
# FY2019 Key Highlights and Achievements

## Successful Delivery of Strategies



### Stable Financials and Distributions

- ✓ **Gross revenue ↑ 3.0% to S\$99.1 million**
- ✓ Distribution Per Unit (“DPU”) of **6.047 cents<sup>1</sup>** for FY2019



### Proactive Asset Management with Healthy Operating Metrics

- ✓ **Signed 3 New Master Leases** with **Built-in Rental Escalation**, significantly extending lease expiry
- ✓ **+ 20.6%** in Portfolio Valuation to **RMB8,118 million** largely due to acquisition of Fuzhou E-Commerce. **Base portfolio** grew by **1.5% year-on-year**



### Disciplined Investment

- ✓ **Acquisition of Fuzhou E-Commerce**, a rare sizable integrated e-commerce logistics asset enlarging EC World REIT’s footprint to the e-commerce sector
- ✓ **DPU Accretive on pro-forma basis**
- ✓ **Positive revenue contribution in FY2020**



### Prudent Capital and Debt Management

- ✓ **Successfully refinanced loans** due in July 2019
- ✓ Significantly **extending debt maturity**

(1) For FY19, the Manager resolved to distribute 98.7% of income available for distribution to Unitholders. Based on 100% payout ratio, DPU would have been 6.127 cents

# Fuzhou E-Commerce - A Rare Sizable Integrated E-Commerce Logistics Asset

Operated by Leading Omni-Channel Logistic Service Provider, Ruyicang



## Partnership



Strategic Collaboration with Cainiao Network and Alibaba's Ling Shou Tong ("LST")

## Combining B2B and B2C capabilities within the warehouse





**EC World**  
运通网城 REIT

**Section C: 1QFY2020 Financials & Operational Updates**



# 1QFY2020 Key Financial Highlights

## Mitigating Impact from COVID-19



### Asset Management: Tenants' businesses restarted post extended Spring Holidays

- **Businesses in China negatively impacted** by extended Spring Holidays and **delay in workers returning to work** post the extended holidays
- **Rental rebates** of approximately **RMB 23.7 million in 1QFY2020** to tenants within its portfolio in efforts to **mitigate the adverse impact of the COVID-19** situation on tenants' operations in China
- Expects rental rebates to be **one-off in nature** barring further unforeseeable circumstances in China
- **Weighted Average Lease to Expiry of 3.8 years** (by gross rental income)

### 1QFY2020 Financials and Distributions

- Decline in gross revenue 1.4% to S\$23.5 million mainly due to **recognition of rental rebates** mitigated by **full quarter revenue contribution by Fuzhou E-Commerce**
- **Retain 5% of amount available for distribution** in 1QFY2020 for **prudence and financial fluidity**.
- Distribution Per Unit ("DPU") of **1.158 cents** for **1QFY2020**. Excluding rental rebates, DPU would have been 1.529 cents in 1QFY2020



### Stable Capital and Debt Structure

- **Aggregate Leverage** of **38.6%**, well within new MAS limit of 50%
- **All-in running interest rate** for the quarter of **4.3%**
- Weighted Average Term of Debt Expiry of **2.37 years**
- **100%** of interest rate risk of **Offshore Facility hedged using floating to fixed interest rate swaps and cross currency swaps**.

# 1QFY2020 Key Operational Highlights

## Operations have resumed amidst slower pace

- **Extension of Spring Festival Holiday** countrywide by Chinese Government impacted tenants' operations
- **Majority of migrant workers returned to work only in March 2020** after serving the requisite quarantine period
- Within EC World REIT's assets, **tenants in all assets have resumed operations** as at 31 March 2020

	Asset	Status
E-Commerce Logistics	Fu Heng	Underlying tenant operations have resumed. Workers have also returned to work
	Fuzhou E-Commerce	Commenced full operations. Part of the asset catered to essential services which remained operational during the extended Spring Holidays
	Stage 1 Properties of Bei Gang	Underlying tenant operations have resumed. Workers have also returned to work
	Wuhan Meiluote	Underlying tenant operations have resumed, albeit at a slower pace.
Port Logistics	Chongxian Port Investment	Underlying tenant operations have resumed. Pick-up in operations mainly towards end-March 2020
	Chongxian Port Logistics	Asset supports Chongxian Port Investment. While operations at Chongxian Port Investment have picked up, tenants were affected due to the extended closure of the port during the extended Spring Holidays
	Fuzhuo Industrial	Slow down in supply and demand due to extended Spring Holidays.
Specialised Logistics	Hengde Logistics	Underlying operations have restarted with the return of the full force of workers

# Prudent Capital Management

## Proactive Capital Management

### 1QFY2020 Summary

- ❑ **1QFY2020 blended** running interest rate of **4.3%**
- ❑ **Healthy Weighted Average Debt Expiry to 2.37 years**
- ❑ **100% of offshore facilities** has been swapped into **fixed rate**
- ❑ Aggregate leverage of **38.6%**
- ❑ Proactive monitoring of exchange rate. Entered into FX option contract to lock in SGDRMB 6 months forward for our RMB income source for 2QFY20 distribution.

### Key Debt Figures

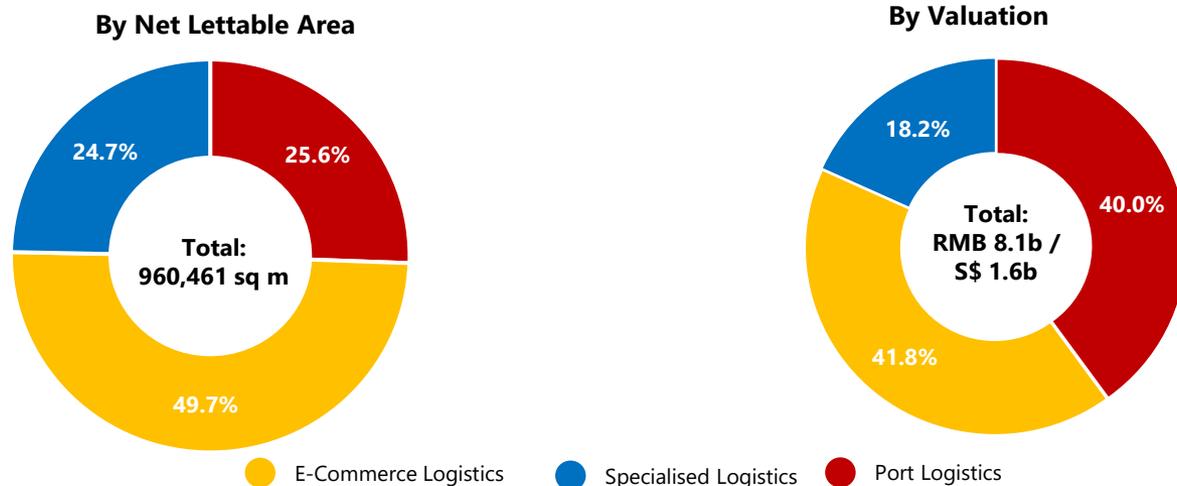
<b>Total Debt Drawdown as at 31 March 2020</b>	<ul style="list-style-type: none"><li>• RMB1,095.0 million onshore</li><li>• S\$300.0 million and US\$86.8 (S\$123.6 million)</li><li>• S\$79.3 million RCF <sup>(2)</sup></li></ul>
<b>1QFY2020 Blended Running Interest Rate<sup>(1)</sup></b>	<ul style="list-style-type: none"><li>• Onshore – 5.8% p.a.</li><li>• Offshore – 4.0% p.a.</li><li>• RCF – 1.5% to 2.6% p.a.</li></ul>
<b>Hedging Profile Forex (SGD/RMB) 2QFY20</b>	<p>Hedged through call vanilla option</p> <ul style="list-style-type: none"><li>• Strike price at CHN 5.20</li></ul>

(1) Including amortized upfront fee, the all-in interest rate for 1QFY2020 is 5.1%

(2) S\$79.3 million drawn down from the S\$120.0 million revolving credit facility

# High Quality and Differentiated Asset Portfolio

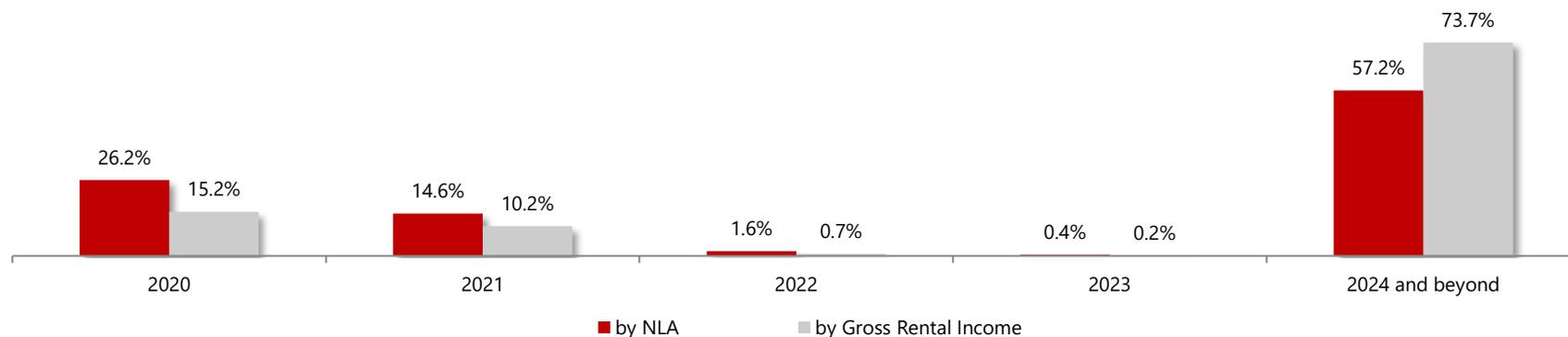
## Portfolio Diversification <sup>(1)</sup>



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

WALE by NLA: 3.0 years

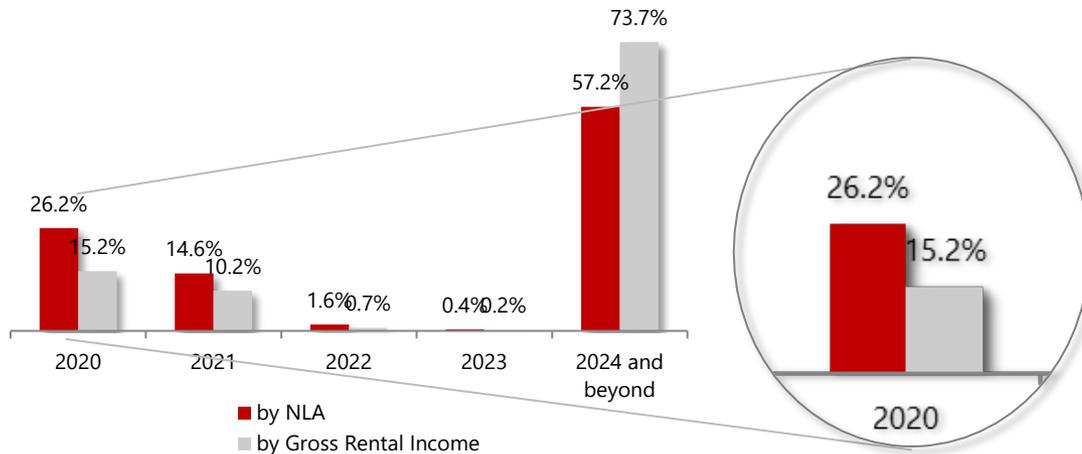
WALE by Gross Rental Income: 3.8 years



(1) As at 31 March 2020

# Portfolio Operational Updates

## Close Liaison with Property Manager in China to Optimize Portfolio Performance



- 15.2%<sup>1</sup> (by gross rental income) of EC World REIT's leases will expire in 2020.
- The expiries pertain to certain leases from Hengde Logistics, Chongxian Port Logistics and Wuhan Meiluote.
- For FY2020, focus will be maximizing occupancy for EC World REIT's existing portfolio in view of the macro-economic climate
- The Manager will also embark on selective enhancement work with a view to maintain and improve the quality of EC World REIT's portfolio
- The Manager has been in active discussions with the Property Manager, existing and prospective tenants on renewals and potential new leases.
- The Manager will provide an update should there be any material developments.

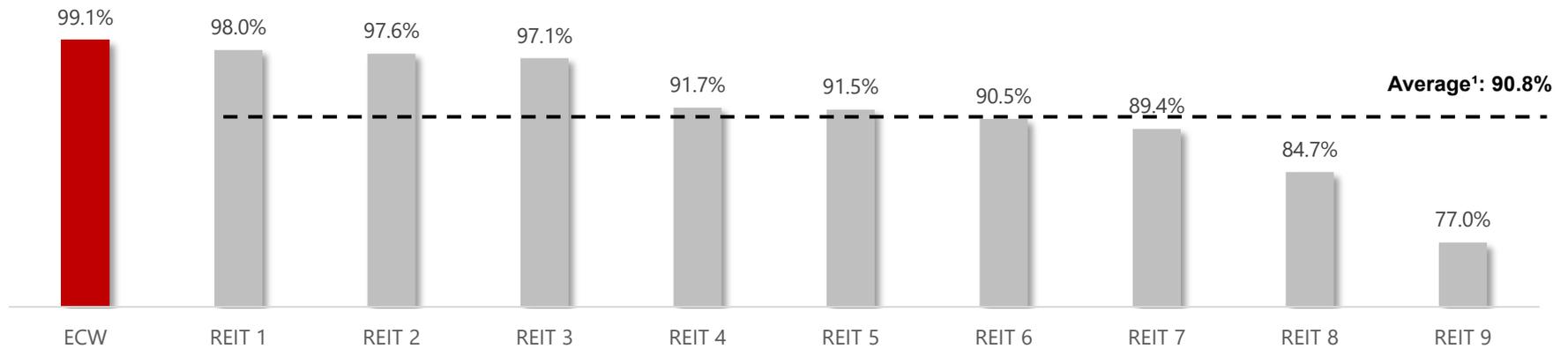
	Asset	Occupancy <sup>1</sup>
E-Commerce Logistics	Fu Heng	100%
	Fuzhou E-Commerce	100%
	Stage 1 Properties of Bei Gang	100%
	Wuhan Meiluote	93.3%
Port Logistics	Chongxian Port Investment	100%
	Chongxian Port Logistics	95.5%
	Fuzhuo Industrial	100%
Specialised Logistics	Hengde Logistics	100%
<b>Portfolio Occupancy</b>		<b>99.1%</b>

1) As at 31 March 2020

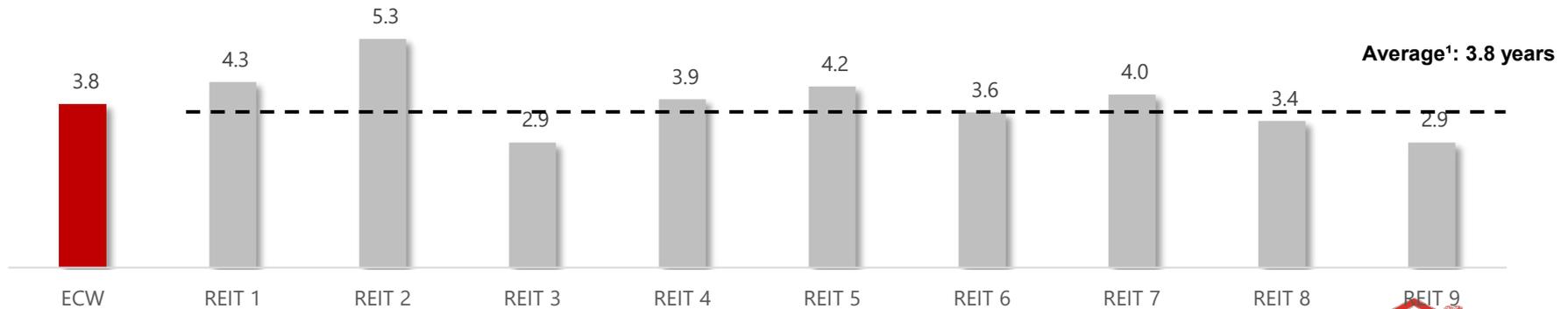
# Healthy Lease Structure and Occupancy

- ✓ Healthy WALE of 3.8 years by Gross Rental Income
- ✓ Occupancy remains healthy

## Portfolio Occupancy (Industrial S-REITs)



## Portfolio WALE² (Years) (Industrial S-REITs)



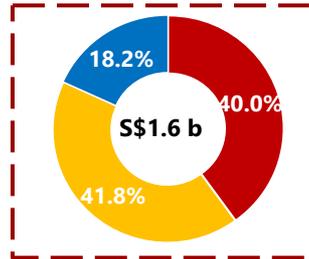
# Unique Exposure to the China E-Commerce Sector

**Only S-REIT Offering Substantial Access to E-Commerce Logistics Business**

**REIT 1**

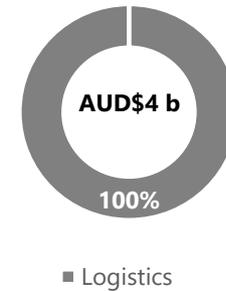


**ECW REIT**



● E-Commerce Logistics ● Specialised Logistics ● Port Logistics

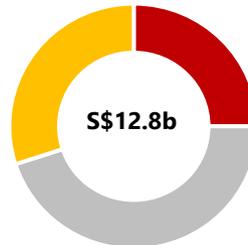
**REIT 2**



**REIT 3**

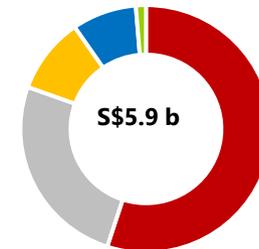


**REIT 4**



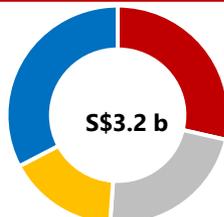
■ Logistics & Distribution Centres ■ Suburban Offices / Business Parks  
■ Industrial

**REIT 5**



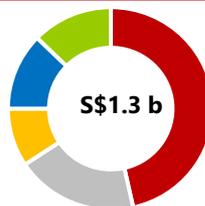
■ Hi-Tech Industrial ■ Flatted Factories  
■ Business Park ■ Stack-up/Ramp-up  
■ Light Industrial

**REIT 6**



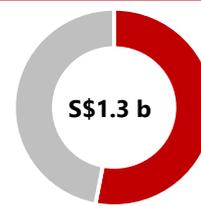
■ Business Parks ■ Logistics / Warehouse  
■ Hi-Specs Industrial ■ General Industrial

**REIT 7**



■ Logistics & Warehouse ■ Business Park  
■ Hi-Tech Space ■ Light Industrial

**REIT 8**



■ Industrial ■ Business Park

**REIT 9**



■ Hi-Tech Industrial  
■ Chemical Warehouse & Logistics  
■ Warehouse & Logistics  
■ General Industrial

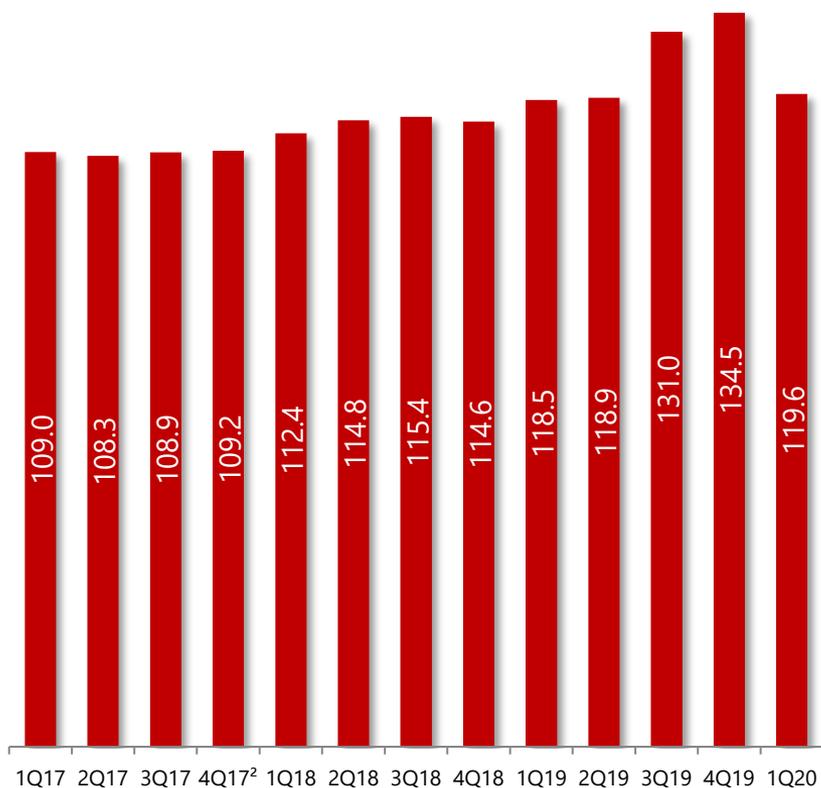
Based on latest publicly available quarterly disclosure as at 31 March 2020. REIT 6 by Gross Rental. REIT 9 by NLA

# Asset Portfolio Performance

## Short Term Operating Performance Impacted by Rental Rebates

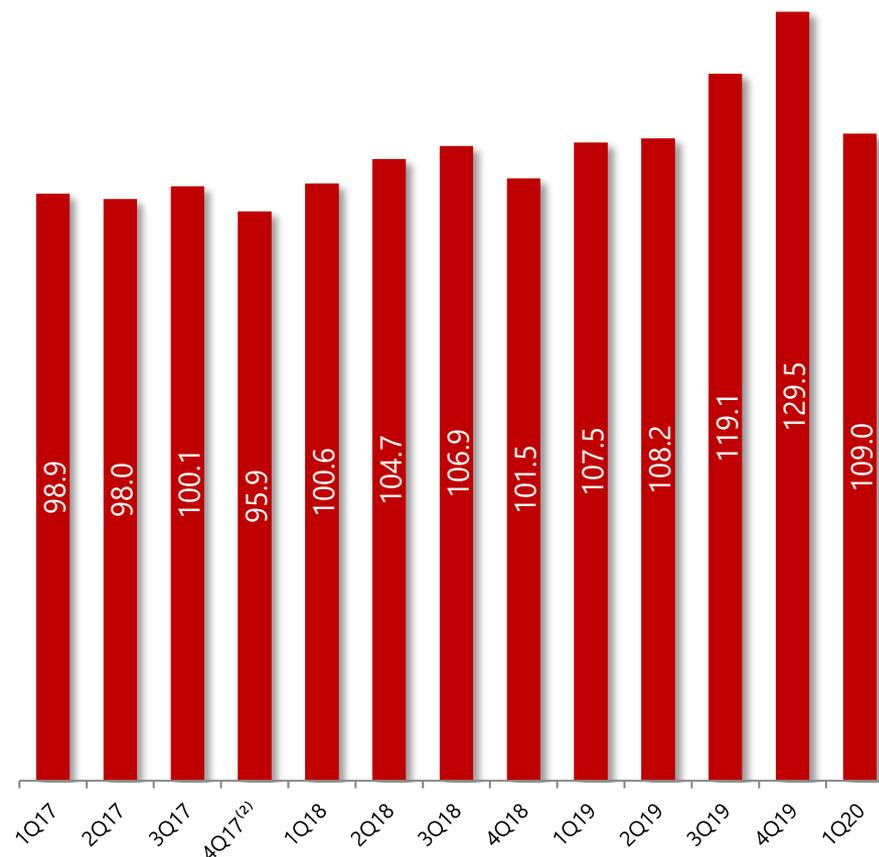
### Gross Revenue <sup>(1)</sup>

RMB million



### Net Property Income <sup>(1)</sup>

RMB million



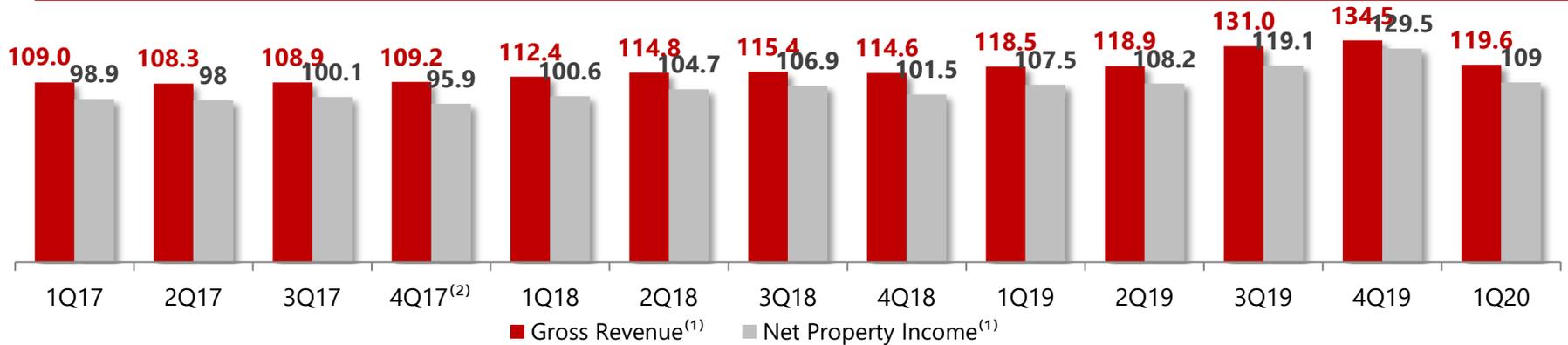
(1) Excluding straight-line, security deposit accretion and other relevant distribution adjustments

(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

# Attractive Yield with Consistent Return

## Stable Portfolio Performance with Consistent Returns to Unitholders

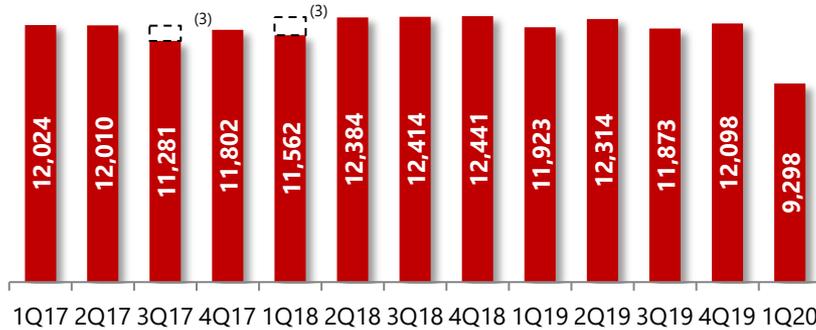
### Operating Performance (RMB'm)



(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 in 4QFY17. There was no impact to DPU for FY2017

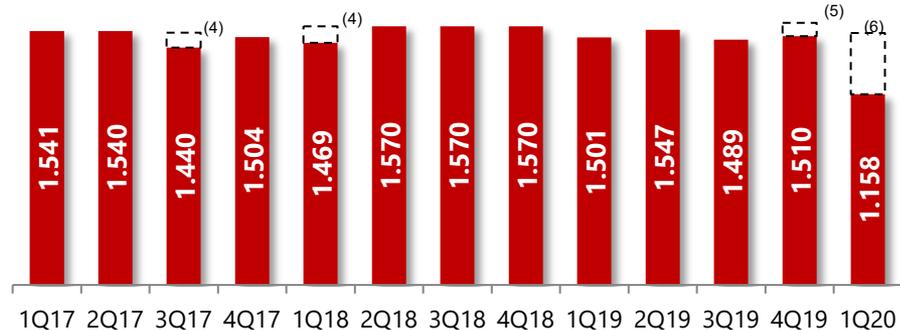
### Distribution to Unitholders (S\$'000)



(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.

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

### DPU (Singapore Cents)



(5) For 4QFY19, payout ratio was 95%. Should payout ratio be 100%, DPU would have been 1.59 cents

(6) For 1QFY20, rental rebates amounting to RMB23.7 million to tenants within its portfolio in efforts to mitigate the adverse impact of the COVID-19 situation on tenants' operations in China. Excluding rental rebates, DPU would have been 1.529 cents in 1QFY2020.



**EC World**  
运通·网城 REIT

**Thank You**

