



**EC World**  
运通网城 REIT



# 2Q2017 Results Presentation

3 August 2017



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# Agenda

<b>Section A</b>	2Q2017 Key Highlights
<b>Section B</b>	Financial Review
<b>Section C</b>	Portfolio Review



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## Section A: 2Q2017 Key Highlights



# 2Q2017 Results Highlights

## 1 Strong operating and financial results outperforming IPO forecasts again

Gross Revenue of S\$23.2 million



**2.4% higher** than IPO forecast

Net Property Income of S\$21.0 million



**2.8% higher** than IPO forecast

Distribution Per Unit of 1.54 cents



**4.1% higher** than both the IPO forecast

**Annualized distribution yield of 7.7% <sup>(1)</sup>**

## 2 Specialized portfolio offering both income stability and growth potential

- ✓ Portfolio committed occupancy continues to stand at 100% with the underlying end-tenant occupancy standing at 96.4% as at 30 June 2017
- ✓ Resilient leases with 3.5 years of lease expiry and built-in escalations
- ✓ Chinese retail e-commerce market expected to continue to experience strong growth (19% CAGR from 2015 to 2020F) <sup>(2)</sup>

## 3 Ensuring income visibility through prudent capital and risk management

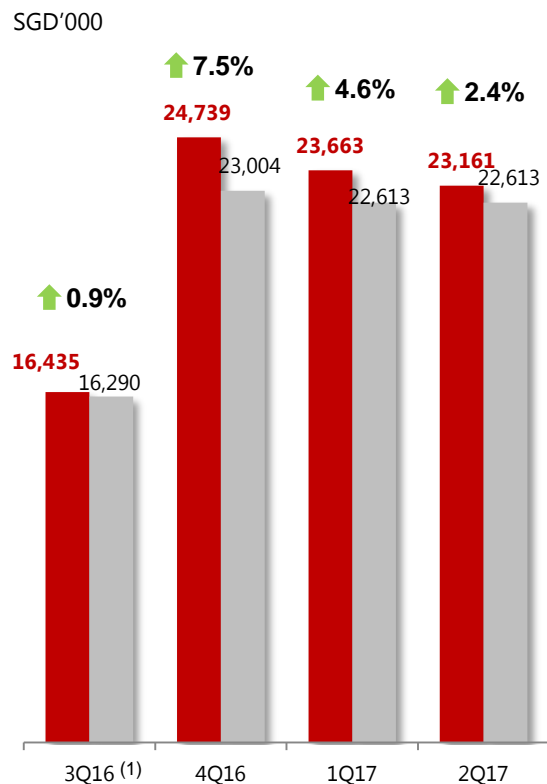
- ✓ Entered into FX hedging contracts for 2Q17 and 3Q17 distributions at SGD/RMB 4.94 and 4.996 respectively
- ✓ Relatively low gearing of 29.2% provides debt headroom for acquisitions

(1) Based on the closing price of S\$0.81 on 30 June 2017 and 1H2017 DPU of 3.08 Singapore cents

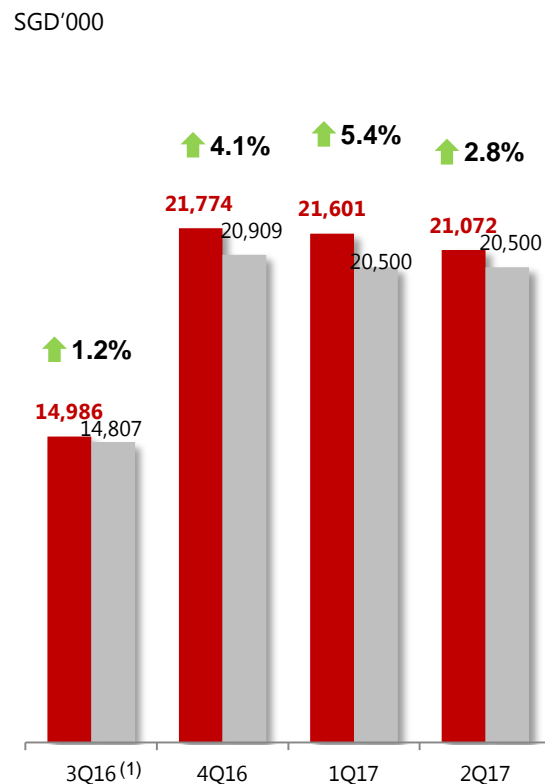
(2) Source: Analysys

# Outperforming Forecasts for the Third Consecutive Quarter

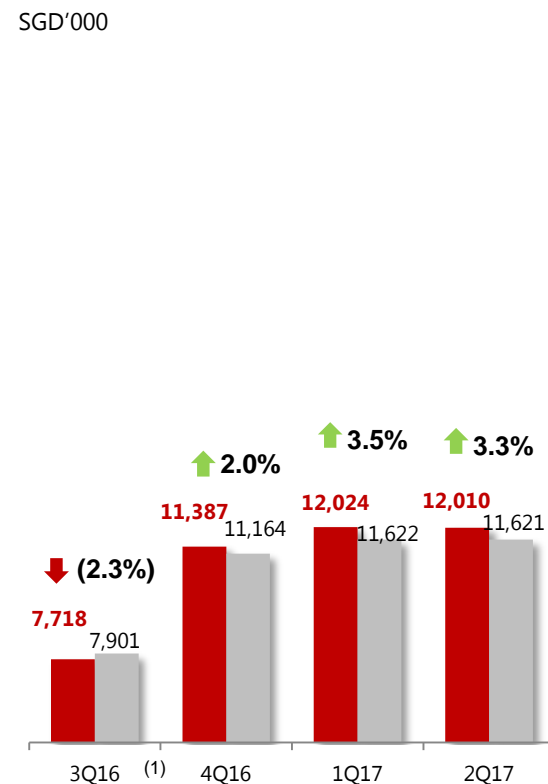
## Gross Revenue



## Net Property Income



## Distributable Income



Actual ■ Forecast ■

(1) EC World REIT was listed on the SGX-ST on 28 July 2016 ("Listing Date"). The relevant reporting period is from 28 July to 30 September 2016.



# Significant Growth Potential

Rapid growth of the industry is driving strong demand for e-commerce facilities in China

China's e-commerce market is expected to grow to 3 times the size of the U.S. market by 2017

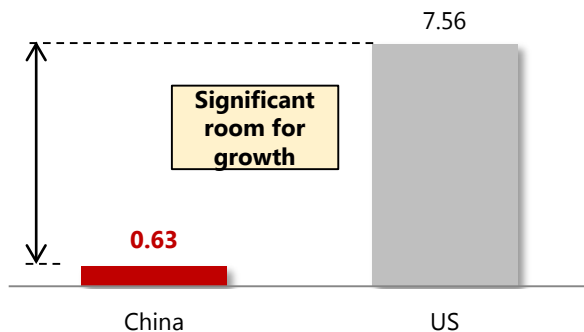


Market size of Chinese retail e-commerce is expected to exceed RMB 9.4 trillion in 2020



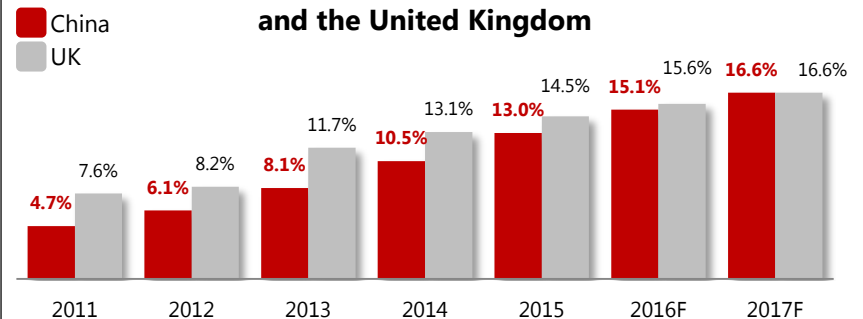
Highly favourable supply-demand dynamics for E-Commerce focused logistics assets

Per-capita Warehouse Area in China and USA (sq m)

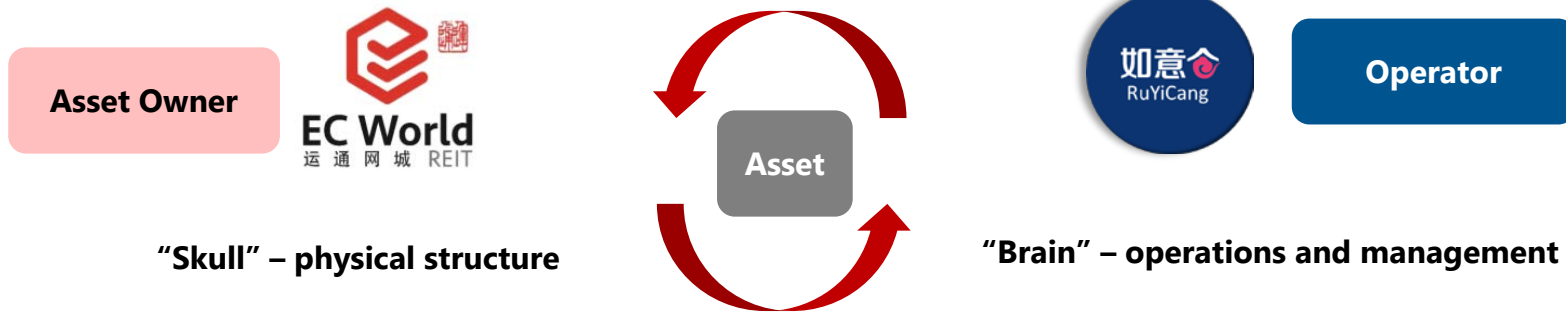


China is expected to overtake the current leader UK in terms of proportion of retail sales done online

Proportion of Online Retail Sales in China and the United Kingdom



# 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







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## Section B: Financial Review



# Summary Results

**Strong 2Q17 operating and financial results outperforming forecast**

<b>For the period 1 Apr 2017 to 30 Jun 2017</b>	<b>Actual</b>	<b>Forecast #</b>	<b>Variance (%)</b>	<b>For the period 1 Jan 2017 to 30 Jun 2017</b>	<b>Actual</b>	<b>Forecast #</b>	<b>Variance (%)</b>
<b>Gross revenue (S\$'000)</b>	23,161	22,613	+2.4%	<b>Gross revenue (S\$'000)</b>	46,824	45,226	+3.5%
<b>Net property income (S\$'000)</b>	21,072	20,500	+2.8%	<b>Net property income (S\$'000)</b>	42,673	41,000	+4.1%
<b>Distributable income (S\$'000)</b>	12,010	11,621	+3.3%	<b>Distributable income (S\$'000)</b>	24,034	23,243	+3.4%
<b>Distribution per unit (Singapore cents)</b>	1.54	1.48	+4.1%	<b>Distribution per unit (Singapore cents)</b>	3.08	2.94	+4.8%

# As per data in IPO prospectus

## Distribution Timetable

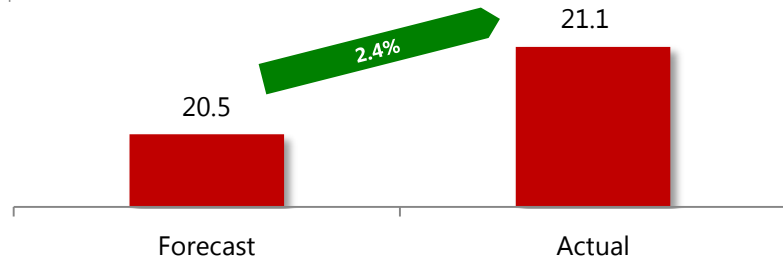
2Q2017

<b>Last Day of Trading on "cum" Basis</b>	:	10 Aug 2017
<b>Ex-date</b>	:	11 Aug 2017
<b>Books Closure Date</b>	:	15 Aug 2017
<b>Distribution Payment Date</b>	:	28 Sep 2017

# Review of 2Q 2017 Performance between Actual and Forecast Results

## Net Property Income

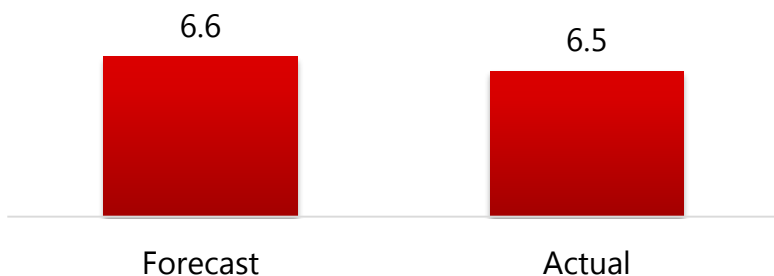
S\$ m



- Higher gross revenue primarily due to additional rental income from the asset enhancement initiative at Chongxian Port Investment (construction of a sheltered warehouse)
- NPI also benefited from lower than expected property expenses and favourable exchange rate movement

## Finance Cost

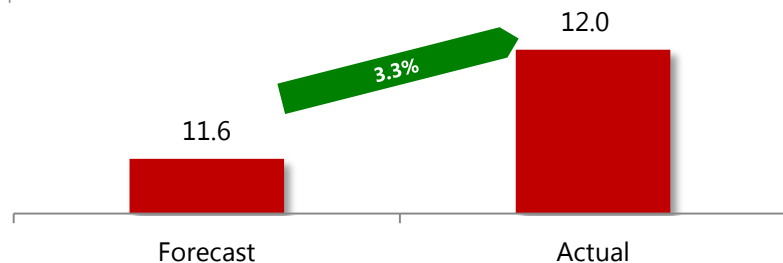
S\$ m



- Finance cost is lower than forecast mainly due to the savings in finance cost arising from delay in the Standby Letter of Credit arrangement
- This is partially offset by finance cost of IRS entered into during the quarter

## Distributable Income

S\$ m



- Due mainly to the abovementioned factors

# Prudent Capital Management

- ✓ Annualised all-in interest rate of 5.4%
- ✓ 100% of offshore SGD facilities on fixed rate
- ✓ Entered into FX forward contracts to lock in SGDRMB for 2Q17 and 3Q17 distributions at at SGD/RMB 4.94 and 4.996 respectively

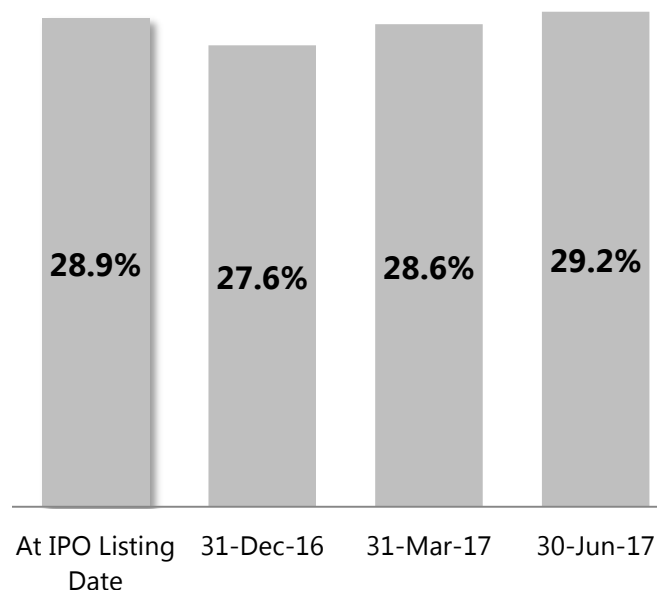
## Key Debt Figures

<b>Total Debt Drawdown as at 30 Jun 2017</b>	<ul style="list-style-type: none"> <li>• RMB 998.9 million onshore</li> <li>• S\$ 200.0 million offshore</li> <li>• S\$ 24.0 million RCF <sup>(1)</sup></li> </ul>
<b>Tenure</b>	3 years (except for RCF)
<b>All-in Interest Rate</b>	<ul style="list-style-type: none"> <li>• Onshore<sup>(2)</sup> – 6.3% p.a.</li> <li>• Offshore<sup>(3)</sup> – 4.9% p.a.</li> <li>• RCF – 1.3% p.a.</li> </ul>

## Forex (SGD/RMB)

<b>FY2017</b>	5.03 (Assumption)
<b>3Q2017</b>	4.94 (Hedged)
<b>4Q2017</b>	4.996 (Hedged)

## Aggregate Leverage Ratio



(1) S\$24.0 million drawn down from the S\$50.0 million revolving credit facility  
 (2) Onshore loan is pegged to PBOC rate  
 (3) Offshore fixed component at 1.485% and 1.745%, variable component is pegged to 3 month SOR

# Healthy Balance Sheet

S\$'000	As at 30 Jun 2017	As at 31 Mar 2017	As at 31 Dec 2016	As at Listing Date
Cash and cash equivalents <sup>(1)</sup>	<b>110,077</b>	109,148	103,665	91,417
Investment Properties <sup>(2)</sup>	<b>1,305,448</b>	1,299,594	1,333,297	1,303,443
<b>Total Assets</b>	<b>1,461,731</b>	1,448,569	1,482,343	1,404,934
<b>Borrowings</b>	<b>419,237</b>	405,455	398,830	393,254
<b>Total Liabilities</b>	<b>760,010</b>	748,880	756,224	722,910
<b>Net Assets attributable to Unitholders</b>	<b>701,721</b>	699,689	726,119	682,024
<b>NAV per unit (S\$)</b>	<b>0.90</b>	0.90	0.93	0.88

(1) Includes RMB301.7 million (S\$61.4 million) security deposits received from the Master Lease tenants.

(2) Investment Properties are based on independent valuations performed by Colliers as at 31 December 2016. Investment properties are pledged as security for the Group's borrowings.



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## Section C: Portfolio Overview

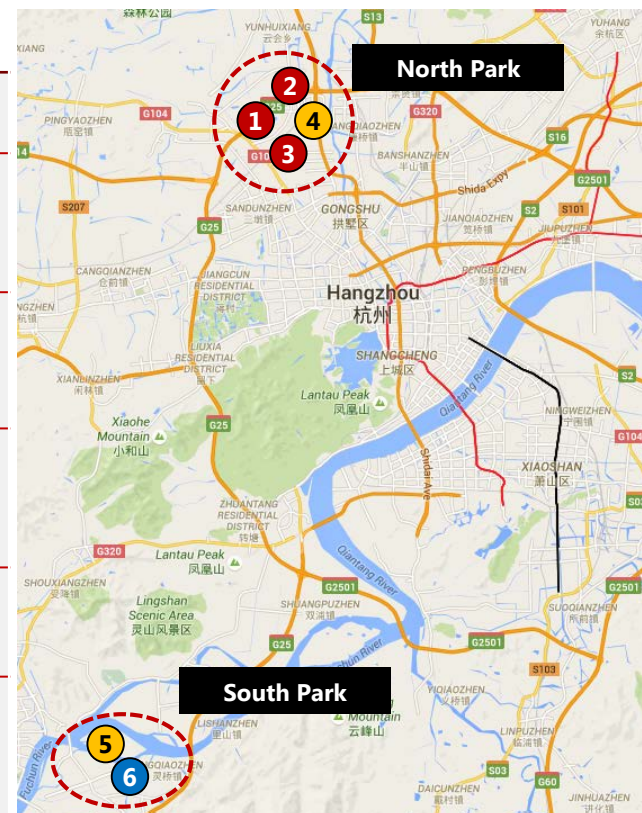




# Portfolio Overview

Balanced and well-structured portfolio offering both income stability and growth potential

Property	Type	NLA (sq m)	Type of Lease / No. of Tenants <sup>(1)</sup>	Remaining Land Lease Tenure (years) <sup>(1)</sup>	Independent Valuation (RMB m) <sup>(2)</sup>
1 Chongxian Port Investment	Port Logistics	112,726	Master leased <sup>(3)</sup>	39	2,124.0
2 Chongxian Port Logistics	Port Logistics	125,856	Multi-tenanted / 27 tenants	Complex 1 & 2: 39 & 43	871.0
3 Fu Zhuo Industrial	Port Logistics	7,128	Multi-tenanted / 2 tenants	39	110.0
4 Stage 1 Properties of Bei Gang Logistics	E-commerce Logistics	120,449	Master leased <sup>(4)</sup>	35	1,295.0
5 Fu Heng Warehouse	E-commerce Logistics	94,287	Master leased <sup>(3)</sup>	42	551.0
6 Hengde Logistics	Specialised Logistics	238,032	Multi-tenanted / 2 tenants	Complex 1 & 2: 36 & 42	1,456.0
<b>Total / Average</b>		<b>698,478</b>		<b>39</b>	<b>6,407.0</b>
<b>Total (SGD m)</b>					<b>1,303.8<sup>(5)</sup></b>



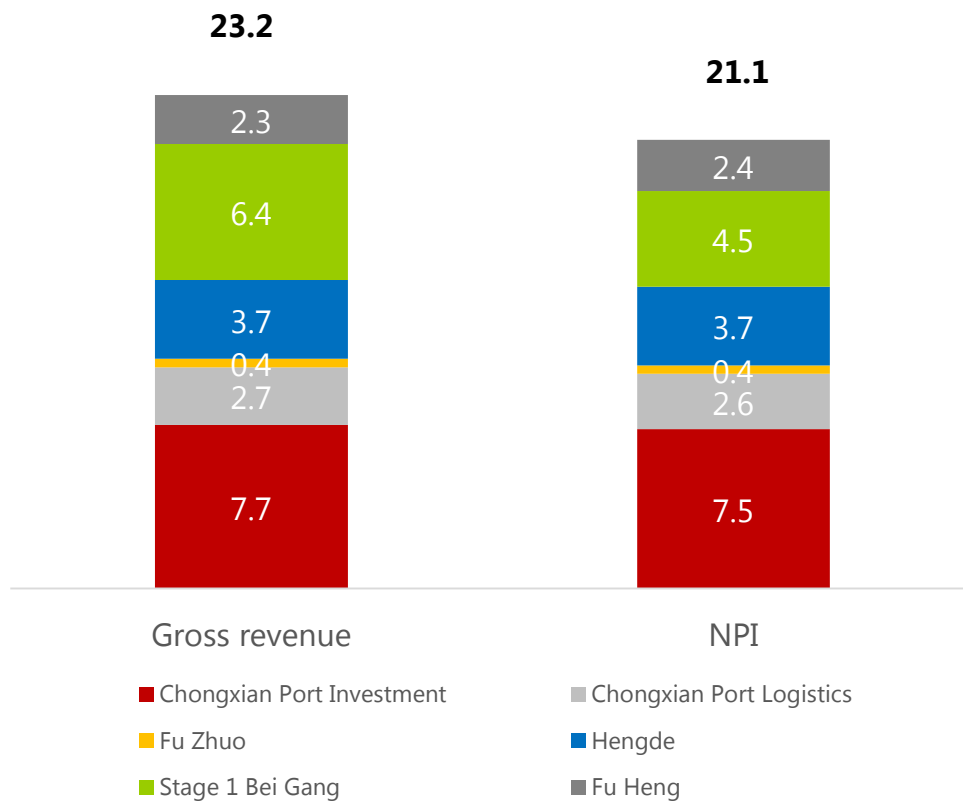
- Port Logistics
- Specialised Logistics
- E-Commerce Logistics

(1) Based on land leases as at 30 June 2017  
 (2) As at 31 December 2016 appraised by Colliers  
 (3) Master leases with Sponsor commenced on 1 January 2016

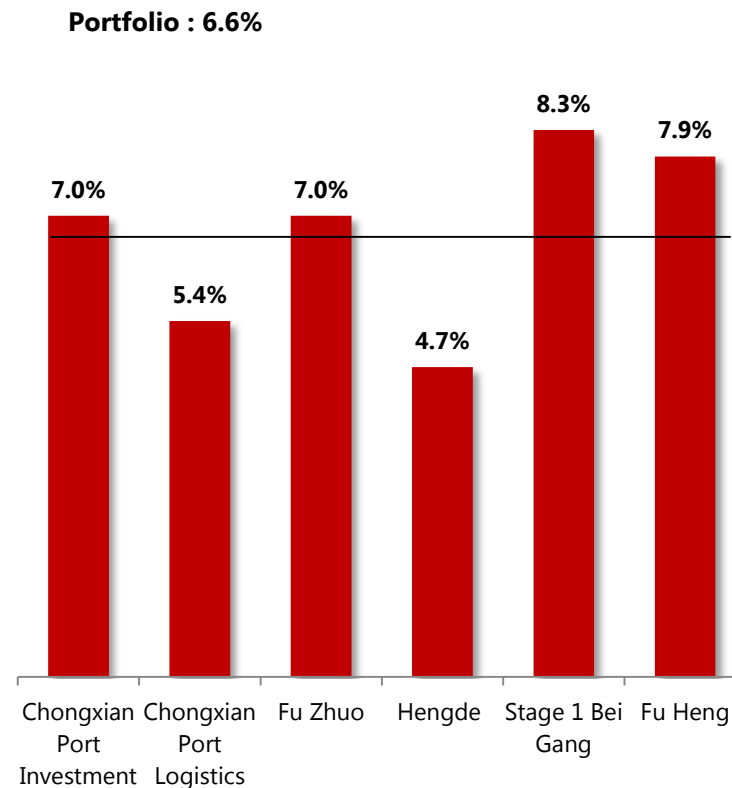
(4) Master lease with Sponsor commenced on 1 November 2015  
 (5) Based on an exchange rate of S\$1.00 : RMB4.91

# Summary Assets Performance

## 2Q17 Breakdown by Gross Revenue and NPI (SGD m)



## Annualized NPI Yield <sup>(1)</sup>

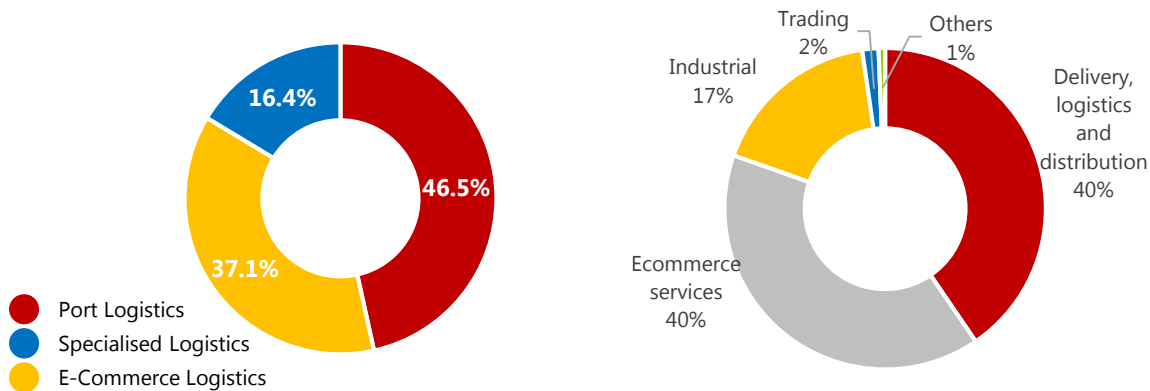


(1) Based on 1H2017

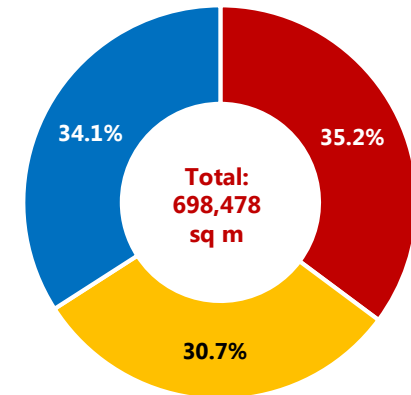
# High Quality and Diversified Asset Portfolio

## Breakdown of IPO Portfolio Gross Rental Income

☑ Diversification by asset type <sup>(1)</sup>



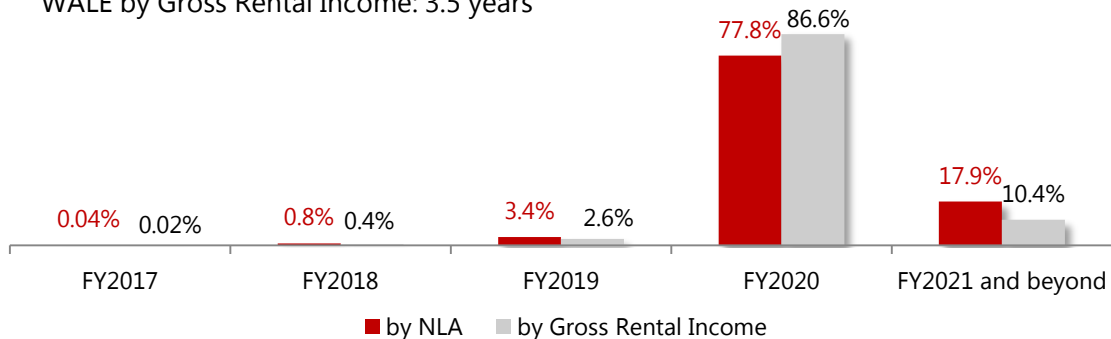
## Breakdown by NLA



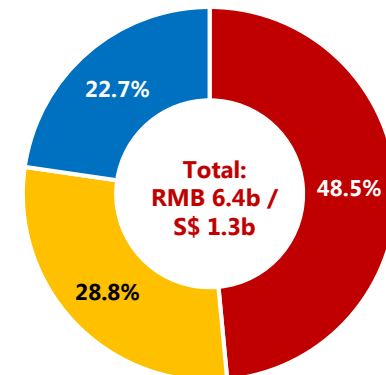
## Lease Expiry Profile of IPO Portfolio<sup>(3)</sup>

WALE by NLA: 3.5 years

WALE by Gross Rental Income: 3.5 years



## Breakdown by valuation



(1) For 1H2017

(2) By Gross Rental Income and committed NLA as at 30 June 2017



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**Thank You**

