EC World
运 通 网 城 REIT

FY2021 Results Presentation

23 February 2022




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Agenda

Section A	FY2021 Key Highlights
Section B	Financial Review
Section C	Portfolio Update

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Section A: FY2021 Key Highlights

FY2021 Key Highlights

Financials and Distributions

- **Gross revenue and NPI increased by 14.4% and 12.7% to S$125.5 million and S$113.0 million year-on-year respectively mainly** due to absence of rental rebates given to tenants in FY2020
- Distribution to Unitholders of **S$50.6 million (↑17.4%) mainly due to higher NPI**
- Manager **voluntary provided one-off waiver of performance fee** to the extent of rental rebate provided in FY2020
- **DPU of 6.263 cents for FY2021, 16.9% higher than FY2020**

Asset Management

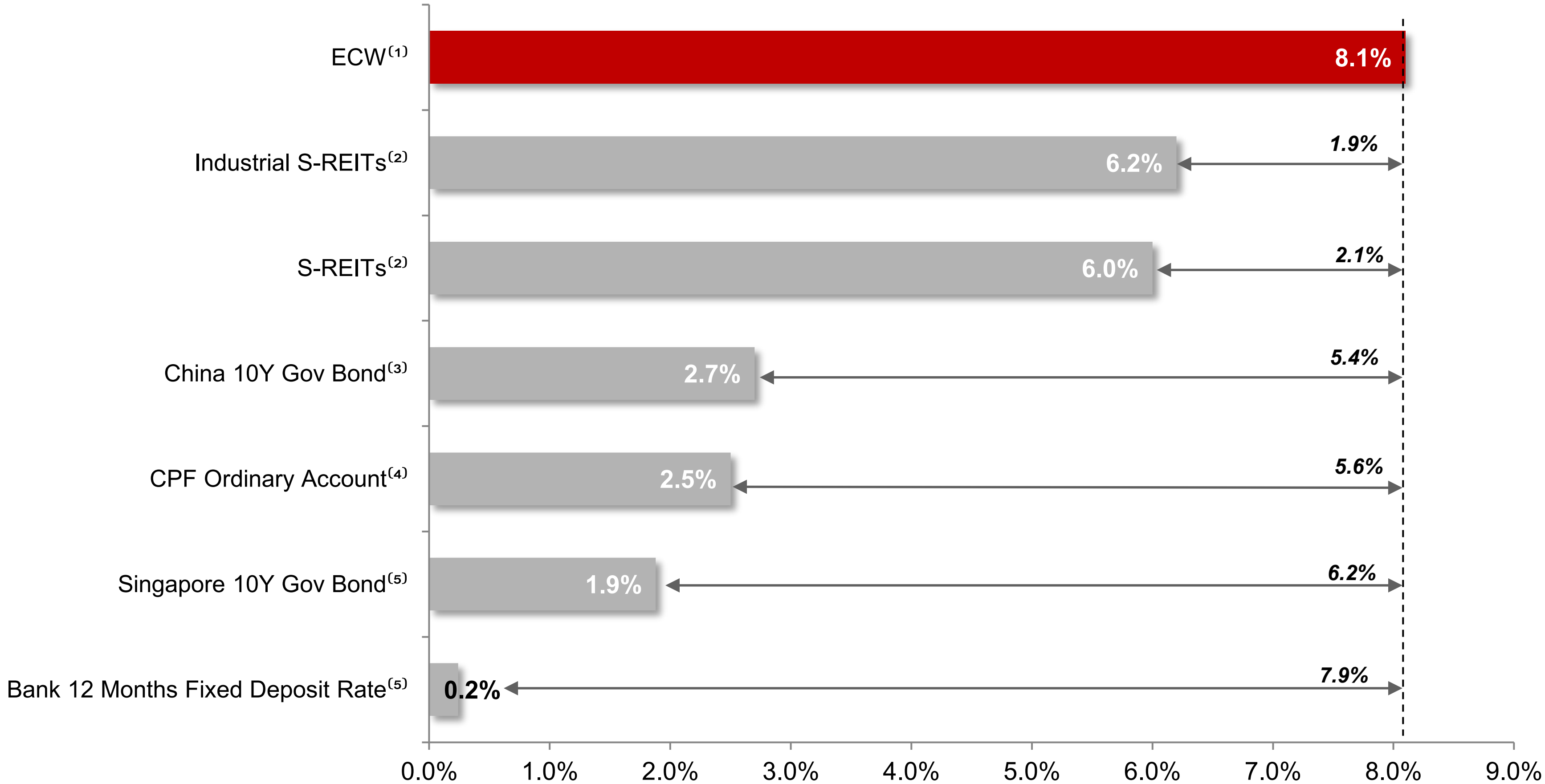
- **Stable occupancy of 99.2%**
- Weighted average lease to expiry **(WALE) of 2.7 years** (by gross rental income)
- **Resilient portfolio value**: marginal decline of 1.6% in RMB terms. In SGD terms, ECW's portfolio **increase by 3.1%** due to by **appreciation in RMB**
- **Compulsory Expropriation** of **Fu Zhuo Industrial**, a port asset by the local government

Capital and Debt Structure

- **All-in running interest rate** for FY2021 of **4.0%**
- Weighted Average Term of Debt Expiry of **0.63 years**
- **Have commenced refinancing plans**

Distribution Yield

Attractive Yield Compared to Peers



(1) Based on FY2021 DPU of 6.263 Singapore cents and closing price of S$0.77 per unit as at 31 December 2021.
(2) Based on Broker Research
(3) Source: Bloomberg
(4) Source: CPF Board
(5) Source: Monetary Authority of Singapore

4QFY2021 Distribution Timetable

Distribution Timetable

Last Day of Trading on “cum” Basis	:	11 March 2022 (Friday)
Ex-date	:	14 March 2022 (Monday)
Record Date	:	15 March 2022 (Tuesday)
Distribution Payment Date (Est)	:	31 March 2022 (Thursday)

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Section B: Financial Review

4QFY2021 Summary Results

Year-on-Year Comparison	4QFY2021	4QFY2020	Variance (%)
Gross revenue (S$'000)	31,943	29,532	8.2
Net property income (S$'000)	28,813	27,203	5.9
Finance Cost (S$'000)	(10,158)	(9,851)	3.1
Total amount available for distribution (S$'000)	12,443	12,783	(2.7)
Distribution Amount Available per Unit (Singapore cents)[1]	1.537	1.586	(3.1)
Distribution to Unitholders (S$'000)[2]	12,440	11,499	8.2
Applicable number of units for computation of DPU (million)	809.5	805.8	0.5
Distribution Per Unit[2] (Singapore cents)	**1.537**	**1.427**	**7.7**

(1) Based on 100% distribution of total amount available for distribution.
(2) For 4QFY2021, the Manager has resolved to distribute 100% of the total amount available for distribution. In 4QFY2020, 10% of total amount available for distribution was retained.

- Increase in **gross revenue** and **NPI** were mainly due to **positive straight-line adjustments** and **strengthening of RMB by 4.4% year-on-year.** In RMB terms, gross revenue and NPI were 3.6% and 1.4% respectively
- After the relevant distribution adjustments, **gross revenue in RMB terms** was **0.1% and NPI was 2.5% lower**, mainly due to **higher operating expenses**
- Finance cost was 3.1% higher mainly due to higher loan quantum
- Total amount available for distribution in 4QFY2021 is 2.7% lower mainly due to withholding tax incurred for repatriation of income from China to Singapore for distribution.
- DPU for 4QFY2021 is 7.7% higher as due to retention of 10% of total amount available for distribution in 4QFY2020.

4QFY2021 Summary Results

Quarter-over-Quarter Comparison	4QFY2021	3QFY2021	Variance (%)
Gross revenue (S$'000)	31,943	31,556	1.2
Net property income (S$'000)	28,813	28,595	0.8
Finance Cost (S$'000)	(10,158)	(10,011)	1.5
Total amount available for distribution (S$'000)	12,443	14,146	(12.1)
Distribution Amount Available per Unit (Singapore cents)[1]	1.537	1.749	(12.1)
Distribution to Unitholders[2] (S$'000)	12,440	13,439	(7.4)
Applicable number of units for computation of DPU (million)	809.5	808.6	0.1
Distribution Per Unit[2] (Singapore cents)	**1.537**	**1.662**	(7.5)

(1) Based on 100% distribution
(2) For 4QFY2021, the Manager has resolved to distribute 100% of the total amount available for distribution. Retention of 5% of total amount available for distribution in 3QFY2021 for withholding tax payment upon future profit repatriation.

- Marginal increase in gross revenue and NPI due to **strengthening of RMB in 4QFY2021 vs 3QFY2021**
- Total amount available for distribution declined 12.1% largely due to withholding tax incurred for the repatriation of income from China to Singapore for distribution
- DPU declined 7.5% mainly due to lower amount available for distribution.

FY2021 Summary Results

Year-on-Year Comparison	FY2021	FY2020	Variance (%)
Gross revenue (S$'000)	125,488	109,726	14.4
Net property income (S$'000)	113,025	100,307	12.7
Finance Cost (S$'000)	(39,791)	(39,059)	1.9
Total amount available for distribution (S$'000)	51,907	47,230	9.9
Distribution Amount Available per Unit (Singapore cents)[1]	6.421	5.869	9.4
Distribution to Unitholders (S$'000) [2]	50,615	43,111	17.4
Applicable number of units for computation of DPU (million)	809.5	805.8	0.5
Distribution Per Unit[2] (Singapore cents)	**6.263**	**5.359**	**16.9**

(1) Based on 100% distribution of total amount available for distribution in the stated year.
(2) FY2021 includes payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) in 2Q2021 amounting to approximately S$2.0 million

- Increase in **gross revenue** and **NPI in FY2021** mainly due to **absence of one-off rental rebates** provided to tenants in 1QFY2020 in efforts to mitigate the adverse impact of the COVID-19 situation on tenants' operations and **strengthening of RMB**
- In RMB terms, the gross revenue and NPI were 9.8% and 8.2% higher respectively compared to FY2020
- Finance costs of S$39.8 million were S$0.7 million or 1.9% higher compared to FY2020 mainly due to higher option premium and SBLC bank charges incurred.
- **Distribution to Unitholders** of S$50.6 million is **17.4% higher** compared to FY2020 mainly due to absence of rental rebates given in 1Q2020 and payout of distribution previously retained in 4Q2019, 1Q2020 and 2Q2020 (partial) in 2Q2021.
- For FY2021, in view of the COVID-19 rental rebates given in FY2020 that resulted in a lower DPU, the Manager **proposes to make a voluntary one-off waiver amounting to S$0.8 million of its entitled performance fee** to the **extent of rental rebates provided in FY2020**

Stable Balance Sheet

S$'000	As at 31 December 2021	As at 31 December 2020
Cash and cash equivalents[1]	169,255	151,692
Investment Properties	1,673,893	1,623,653
Total Assets	1,895,263	1,815,654
Borrowings	721,493	683,831
Total Liabilities	1,143,510	1,100,144
Net Assets attributable to Unitholders	751,753	715,510
NAV per unit (S$)	0.93	0.89

(1) Includes RMB195.1 million (S$41.4 million) cash security deposits received from the master leases and cash deposits of RMB615.4 million (S$130.5 million) placed as collateral for standby letter of credit ("SBLC") issuance.

Prudent Capital Management

Proactive Capital Management

FY2021 Summary

- ❑ **FY2021 and 4QFY2021** running interest rate of **4.1%**
- ❑ Aggregate leverage of **38.2% as at 31 December 2021**
- ❑ **Weighted Average Debt Maturity** of **0.63 years.** Have commenced refinancing plans
- ❑ Interest coverage ratio of **2.92x**[(1)]

Key Debt Figures

Total Debt Drawdown as at 31 December 2021	• Onshore: RMB1,018.0 and RMB77.0 million • Offshore: S$305.6 million and US$86.8 (S$118.1 million) • S$111.9 million RCF [(2)]
FY2021 Blended Running Interest Rate[(3)]	• Onshore – 5.8% p.a. • Offshore – 4.0% p.a. • RCF – 1.2% to 1.7% p.a.
Hedging Profile Forex (SGD/RMB) for 4QFY2021 distribution	Hedged through call vanilla option • Strike price at CHN 4.6980

(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$111.9 million drawn down from the S$130.0 million revolving credit facility
(3) Including amortized upfront fee, the blended all-in interest rate of the aggregate facilities for the quarter and financial year ended 31 December 2021 was 4.9%.

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Section C: Portfolio Update

FY2021 Portfolio Valuation

Stable Portfolio Value

FY2021 valuation of ECW's portfolio in SGD increased by 3.1% from S$1,624 million to S$1,674 million due to appreciation of RMB against SGD (Exchange rate (SGD/RMB) of 0.2024 in 2020 and 0.2121 in 2021) despite the decline in value in RMB terms.

	FY2020 Savills Valuation (RMB 'mil)	FY2021 Colliers Valuation (RMB 'mil)	YoY Change (%)	FY2020 Savills Valuation (SGD 'mil)	FY2021 Colliers Valuation (SGD 'mil)	YoY Change (%)
E-Commerce Logistics Assets						
Fuheng Warehouse	609	593	-2.6%	123	126	2.4%
Fuzhou E-Commerce	1,290	1,256	-2.6%	261	267	2.3%
Stage 1 Properties of Bei Gang	1,271	1,251	-1.6%	257	265	3.1%
Wuhan Meiluote	180	180	-	37	38	2.7%
Specialised Logistics Assets						
Hengde Logistics	1,426	1,438	0.8%	289	305	5.5%
Port Logistics Assets						
Chongxian Port Investment	2,265	2,216	-2.2%	458	470	2.6%
Chongxian Port Logistics	864	841	-2.7%	175	178	1.7%
Fu Zhuo Industrial	117	117	-	24	25	4.2%
Total	**8,022**	**7,892**	**-1.6%**	**1,624**	**1,674**	**3.1%**

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Stable Portfolio with Embedded Organic Growth

Healthy Occupancy

E-Commerce Logistics Assets

Asset	Lease Structure	Occupancy[1]	Key Highlight
Fu Heng	Master Lease: 1 Jan 2016 to 31 Dec 2024 Rental escalation of 2.0% annually from 1st Jan 2021.	100%	Coveted property; **entire suite of facilities** 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 **sizable integrated e-commerce** 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 **largest e-commerce developments** in the region
Wuhan Meiluote	Multi Tenanted	84.7%	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 **China Tobacco**

Port Logistics Assets

Asset	Lease Structure	Occupancy	Key Highlight
Chongxian Port Investment	Master lease: 1 Jan 2016 to 31 Dec 2024 Rental escalation of 2.0% annually from 1st Jan 2021	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) 26 Apr 2020 to 25 Apr 2021 (no escalation) and (2) 7.5% every 3 years from Oct 2014 to Oct 2029	100%	**Adjacent to port**; for cement related products

(1) As at 31 December 2021

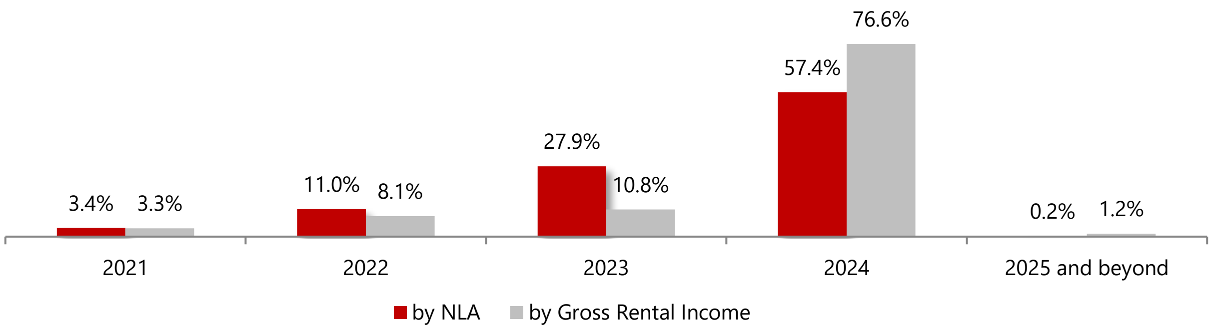
Quality and Differentiated Asset Portfolio

☑ Healthy portfolio occupancy of **99.2%** as at 31 December 2021

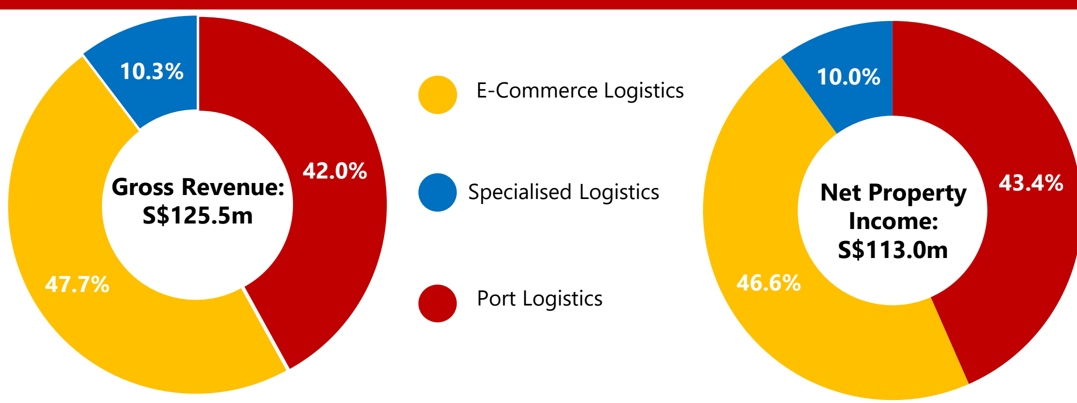
Lease Expiry Profile of Portfolio [1]

WALE by NLA: 2.3 years

WALE by Gross Rental Income: 2.7 years

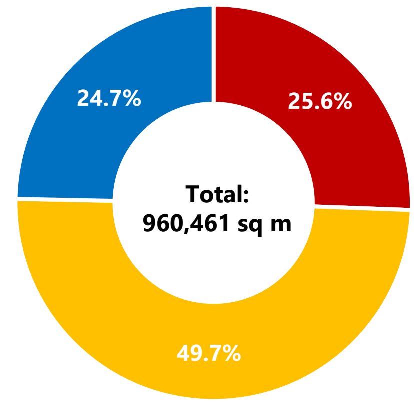


Contribution by segments[2]

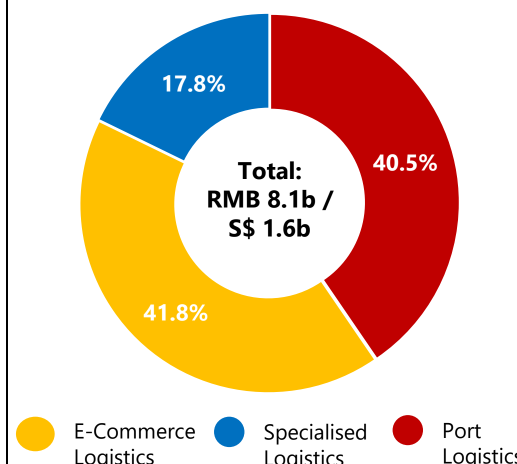


Portfolio Diversification [1]

By Net Lettable Area



By Valuation



(1) As at 31 December 2021

(2) For the financial year ended 31 December 2021

Compulsory Expropriation of Fu Zhuo Industrial

- On 10 January 2022, ECW informed that Fu Zhuo Industrial has received a **formal notice** (the "Notice") from the People's Government of Linping District, Hangzhou City, People's Republic of China on 6 January 2022 with regard to the **compulsory expropriation**.
- In accordance with the Notice, EC World REIT is entitled to receive **compensation based on the expropriation valuation** of Fu Zhuo Industrial (including the land use right, buildings and equipment).
- Target date of vacating the property: **31 March 2022**

Fu Zhuo Industrial is a port property which comprises berths and office buildings and is located in the west of Chongxian New City, north of Hangzhou, on the east bank of the Beijing-Hangzhou Grand Canal, and next to the National Highway No. 320 and Jiaxing-Huzhou Expressway.

Commencement of Operations	Oct 2014
Net Lettable Area (sqm)	7,128
Type of Lease	Multi-tenanted
Occupancy[(1)]	100.0%
WALE[(2)] (years)	6.3
Independent Valuation (RMB'm) [(1)]	117.0
% of Portfolio Valuation [(2)]	1.48%
% of FY2021 Portfolio Gross Revenue [(3)]	1.4%
% of FY2021 Portfolio NPI[(3)]	1.6%

(1) As at 31 December 2021.
(2) As at 31 December 2021. By Gross Rental Income
(3) For the financial year ended 31 December 2021

For queries, please contact:

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Thank You