



EC World
运通网城 REIT

2QFY2022 Results Presentation

11 August 2022



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Agenda

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2QFY2022 Key Highlights

Section B

Financial Review

Section C

Portfolio Update



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Section A: 2QFY2022 Key Highlights



2QFY2022 Key Highlights



Financials and Distributions

- **Gross revenue was maintained at S\$31.2 million** while **NPI increased 1% y-o-y**, supported by **organic rental escalations** from across all business segments, reflecting the **quality of ECW's assets**, despite the absence of contribution from Fu Zhuo Industrial
- **Recognised 70% of the pre-termination compensation** for distribution purpose upon receipt of **70% of compensation package** for the compulsory expropriation of Fu Zhuo Industrial
- Distribution of retained income from **2QFY2020 balance amount and 3QFY2020 (partial)** of **~S\$1.3 million**



Asset Management

- DPU of **1.387 cents** was **9.5% lower** y-o-y mainly due to recognition of pre-termination compensation
- Stable **occupancy of 99.1%** as at 30 June 2022
- WALE (by gross income) of **2.1 years**

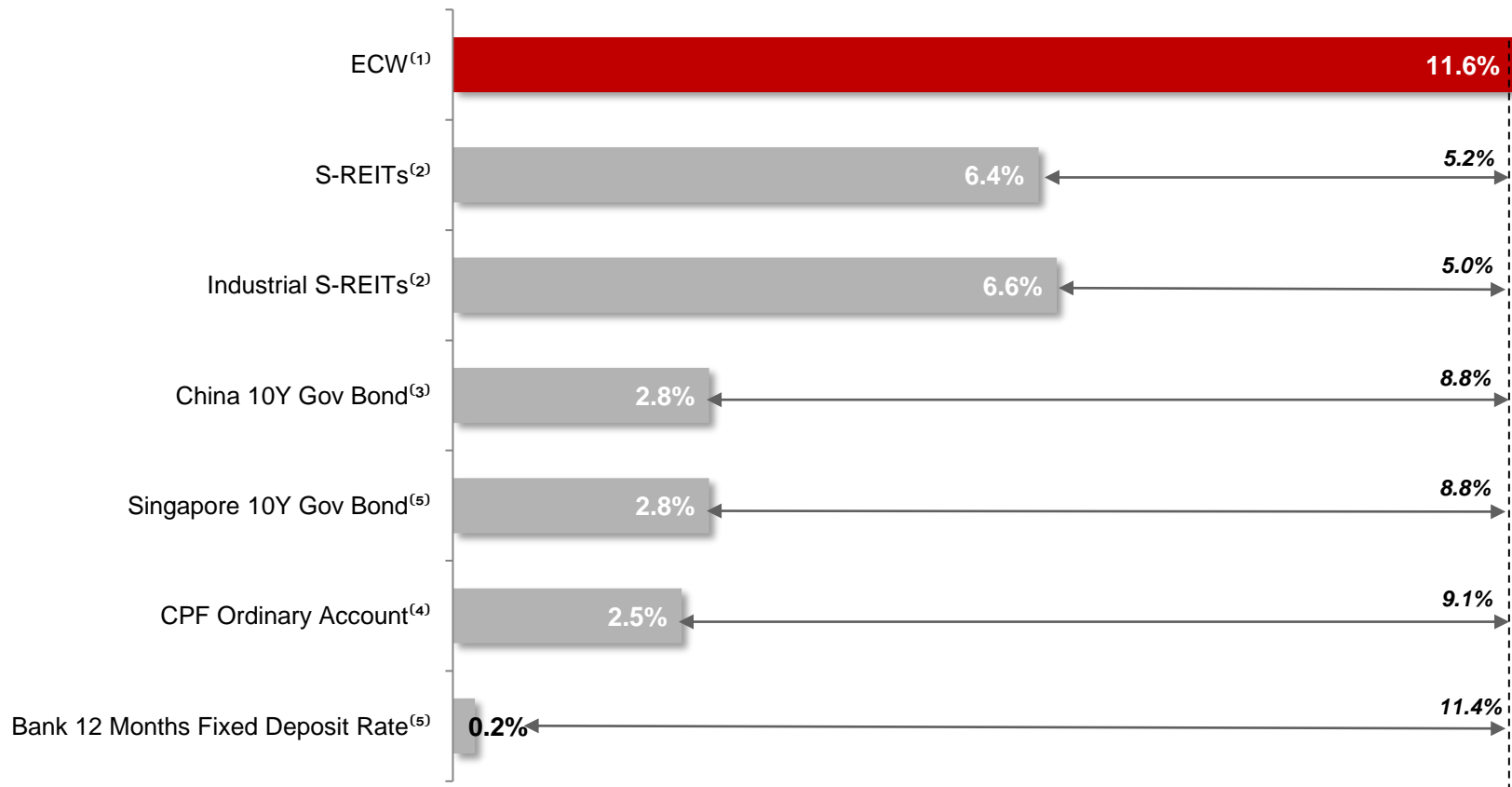


Capital and Debt Structure

- **All-in running interest rate** for 2QFY2022 of **4.3%**
- Weighted average debt maturity of **0.97 years**
- In the process of exploring appropriate options to repay the 25% loan facilities by 31 December 2022
- Working with lead lenders on the refinancing of the remaining loan amounts

Distribution Yield

Attractive Yield Compared to Peers



(1) Based on 1HFY22 Annualised DPU of 5.586 Singapore cents and closing price of S\$0.480 per unit as at 30 June 2022.

(2) Based on Broker Research

(3) Source: Bloomberg

(4) Source: CPF Board

(5) Source: Monetary Authority of Singapore

2QFY2022 Distribution Timetable

Distribution Timetable

Last Day of Trading on “cum” Basis	:	12 September 2022 (Monday)
Ex-date	:	13 September 2022 (Tuesday)
Record Date	:	14 September 2022 (Wednesday)
Distribution Payment Date (Est)	:	28 September 2022 (Wednesday)



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Section B: Financial Review



2QFY2022 (Year-on-Year) Summary Results

Year-on-Year Comparison	2QFY2022	2QFY2021	Variance (%)
Gross revenue (S\$'000)	31,173	31,187	(0.0)
Net property income (S\$'000)	28,205	27,938	1.0
Finance Cost (S\$'000)	(10,207)	(9,919)	2.9
Income tax credit/ (expenses) (S\$'000)	1,827	(7,113)	N/M
Total amount available for distribution (S\$'000)	9,977	11,582	(13.9)
Amount retained (S\$'000) ¹	-	1,158	N/M
Amount previously retained (S\$'000) to be distributed	1,256	1,951	(35.6)
Distribution to Unitholders (S\$'000) ²	11,233	12,375	(9.2)
Applicable number of units for computation of DPU (million)	809.8	807.8	0.2
Distribution Per Unit (Singapore cents)	1.387	1.532	(9.5)

(1) Retention of total amount available for distribution in 2QFY2021 in view of uncertainties arising from Covid-19 pandemic

(2) For 2QFY2022, total distribution includes distribution previously retained in 2QFY2020 (balance) and 3QFY2020 (partial)

- **Stable gross revenue and NPI** despite the absence of income contribution from Fu Zhuo Industrial
- After the relevant distribution adjustments, **gross revenue in RMB terms** was **0.1%** higher due to **organic rental escalations**, which negated the impact from the compulsory expropriation of Fu Zhuo Industrial
- The **increase in NPI in RMB terms of 1.4%** was attributable to the **lower property expenses**
- Finance cost was 2.9% higher mainly due to **higher option premium expenses** relating to expected repatriation of fund
- **Income tax credit in 2QFY2022 mainly due to reversal of deferred tax as a result of fair value loss** offset by withholding tax paid for repatriation of funds
- **Lower distribution to Unitholders** mainly due to the recognition of **Pre-termination Compensation to 3rd party tenant**, and correspondingly higher retained income paid out last year
- **DPU of 1.387 cents**, comprising 100% distribution income from 2QFY2022, **balance amount from 2QFY2020** and **partial amount from 3QFY2020 retained income**, translating to a yield of **11.59%**

2QFY2022 (Quarter-on-Quarter) Summary Results

Year-on-Year Comparison	2QFY2022	1QFY2022	Variance (%)
Gross revenue (S\$'000)	31,173	32,151	(3.0)
Net property income (S\$'000)	28,205	29,734	(5.1)
Finance Cost (S\$'000)	(10,207)	(9,845)	3.7
Income tax credit/ (expenses) (S\$'000)	1,827	(6,888)	N/M
Total amount available for distribution (S\$'000)	9,977	11,200	(10.9)
Amount previously retained (S\$'000) to be distributed	1,256	-	N/M
Distribution to Unitholders (S\$'000) ¹	11,233	11,200	0.3
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Distribution Per Unit (Singapore cents)	1.387	1.383	0.3

- Gross revenue and NPI **declined 3% and 5.1% q-o-q**, due to the **weakening of RMB against SGD**, in addition to the absence of contribution from Fu Zhuo Industrial
- NPI was also impacted by higher property expenses
- In RMB terms after relevant distribution adjustments, gross income and NPI declined 1% and 3% respectively
- Lower amount available for distribution mainly due to higher finance costs, **higher proportion of pre-termination compensation recognized in 2QFY2022 offsetting the lower tax expenses recognized for distribution purposes**
- Distribution to Unitholders and DPU **increased marginally by 0.3%** compared to previous quarter, due to **payout from previously retained income** from 2QFY2020 and 3QFY2020

(1) For 2QFY2022, total distribution includes distribution previously retained in 2QFY2020 (balance) and 3QFY2020 (partial)

1HFY2022 Summary Results

Year-on-Year Comparison	1HFY2022	1HFY2021	Variance (%)
Gross revenue (S\$'000)	63,324	61,989	2.2
Net property income (S\$'000)	57,939	55,617	4.2
Finance Cost (S\$'000)	(20,052)	(19,622)	2.2
Income tax expenses (S\$'000)	(5,061)	(12,004)	(57.8)
Total amount available for distribution (S\$'000)	21,177	25,318	(16.4)
Amount retained (S\$'000) ¹	-	2,533	N/M
Amount previously retained (S\$'000) to be distributed	1,256	1,951	(35.6)
Distribution to Unitholders (S\$'000) ²	22,433	24,736	(9.3)
Applicable number of units for computation of DPU (million)	809.8	807.8	0.2
Distribution Per Unit (Singapore cents)	2.770	3.064	(9.6)

(1) Retention of total amount available for distribution in view of uncertainties arising from Covid-19 pandemic

(2) For 2QFY2022, ECW will pay out distribution previously retained in 2QFY2020 (balance) and 3QFY2020 (partial)

- In SGD terms, **gross revenue was 2.2% higher** while **NPI rose 4.2%** in 1HFY2022, underpinned by organic rental escalations and late fee income despite the **discontinuance of contribution** from Fu Zhuo Industrial since 1 April 2022
- After the relevant distribution adjustments, **gross revenue and NPI in RMB terms were 0.7% and 2.9% higher** respectively. NPI benefited from lower operating expenses at the Properties
- Higher finance costs of 2.2% mainly due to higher option premium expenses
- **Income tax expenses fell 57.8%** as a result the **reversal of deferred tax** due to fair value loss which offset the withholding tax
- **The 16% decline in total amount available for distribution** was mainly due to the provision for **Pre-termination Compensation to 3rd party tenant, and higher withholding tax**
- 1HFY2022 DPU was **2.77 cents**

Stable Balance Sheet

S\$'000	As at 30 June 2022	As at 31 December 2021
Cash and cash equivalents ⁽¹⁾	167,636	169,255
Investment Properties ⁽²⁾	1,563,720	1,673,893
Total Assets	1,790,020	1,895,263
Borrowings	695,249	721,493
Total Liabilities	1,111,311	1,143,510
Net Assets attributable to Unitholders	678,709	751,753
NAV per unit (S\$)	0.84	0.93

(1) Includes RMB195.1 million (S\$40.6 million) cash security deposits received from the master leases, RMB105.9 million (S\$22 million) placed in escrow account for the repayment of Offshore loan on 29 July 2022 and cash deposits of RMB576.2 million (S\$119.8 million) placed as collateral for standby letter of credit ("SBLC") issuance

(2) Decline in Investment Properties due to Compulsory Expropriation of Fu Zhuo Industrial. Fu Zhuo Industrial has been reclassified as an "Asset held for sale", valuation adjustment of RMB253 million and weakening of RMB against SGD

Capital Management

Proactive Capital Management

2QFY2022 Summary

- **1HFY2022 and 2QFY2022** running interest rate of **4.3%**
- Aggregate leverage of **39.1%** as at **30 June 2022**
- Weighted Average Debt Maturity of **0.97 years**
- Interest coverage ratio of 2.84x⁽¹⁾

Key Metrics as at 30 June 2022

Total Debt Drawdown as at 30 June 2022	<ul style="list-style-type: none">• Onshore: RMB1,018.0 and RMB77.0 million• Offshore: S\$300.0 million and US\$86.8 million (S\$120.8 million)• S\$99.8 million RCF⁽²⁾
2QFY2022 Blended Running Interest Rate⁽²⁾⁽³⁾	<ul style="list-style-type: none">• 4.3% p.a. (1HFY2022 and 2QFY2022)<ul style="list-style-type: none">• Onshore – 6.2% p.a.• Offshore – 4.0% p.a.• RCF – 1.3% to 2.96% p.a.
Hedging Profile Forex (SGD/RMB) for 2QFY2022 distribution	Hedged through call vanilla option <ul style="list-style-type: none">• Strike price at CHN 4.8015

(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\$99.8 million drawn down from S\$130.0 million revolving credit facility. Including amortized upfront fee, the blended all-in interest rate of the aggregate facilities for the quarter ended 30 June 2022 was 5.1%

(3) Based on outstanding loans as at 30 June 2022



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Section C: Portfolio Update



Compulsory Expropriation of Fu Zhuo Industrial



Fu Zhuo Industrial is a port property which comprises berths and office buildings. It is located at 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
Purchase Consideration (RMB'm)	85.6
Independent Valuation (RMB'm) ⁽¹⁾	117.0
% of Portfolio Valuation ⁽¹⁾	1.48%
Compensation package (RMB'm)	108.5
Provision of Compensation to 3 rd party tenant (RMB'm)	19.2

- **PRC authorities to provide a Compensation Package of RMB108.5 million** to be paid in 3 tranches to ECW
- Compensation is 92.8% of latest valuation and 26.8% higher than purchase consideration at IPO.
- As at 30 June 2022, 70% of Compensation Package has been received
- Provision of **pre-termination compensation to third-party tenant of RMB19.2 million (~S\$4.1million)** of which 70% has been recognized in 1HFY2022
- Ceased income contribution from 1 April 2022

(1) As at 31 March 2022.

Stable Portfolio with Embedded Organic Growth

Healthy Occupancy of 99.1%

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 1 st 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	84.0%	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 1 st Jan 2021	100%	Leading river port with 60% market share for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	99.7%	Integrated operations , storage processing and logistics distribution for steel products
Fu Zhuo Industrial	N.A.	100%	Asset is subject to compulsory expropriation and is not incoming producing since 1 April 2022

(1) As at 30 June 2022

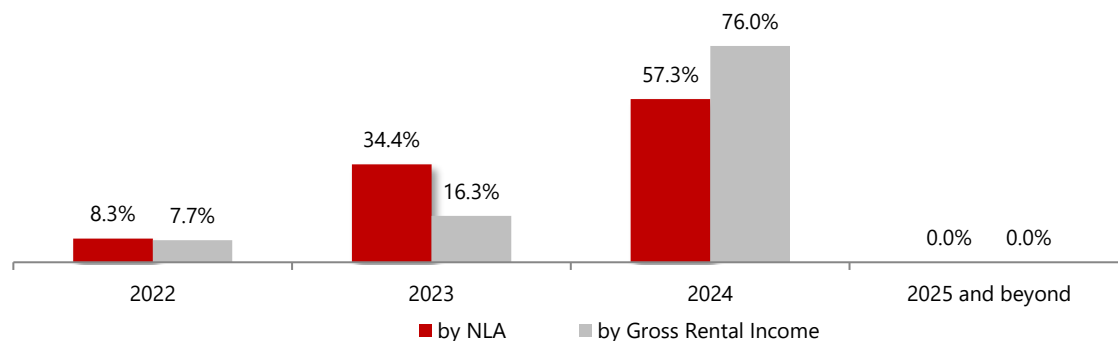
Quality and Differentiated Asset Portfolio

- ✓ Strong portfolio occupancy of **99.1%** as at 30 June 2022
- ✓ Stable income contribution across all sectors

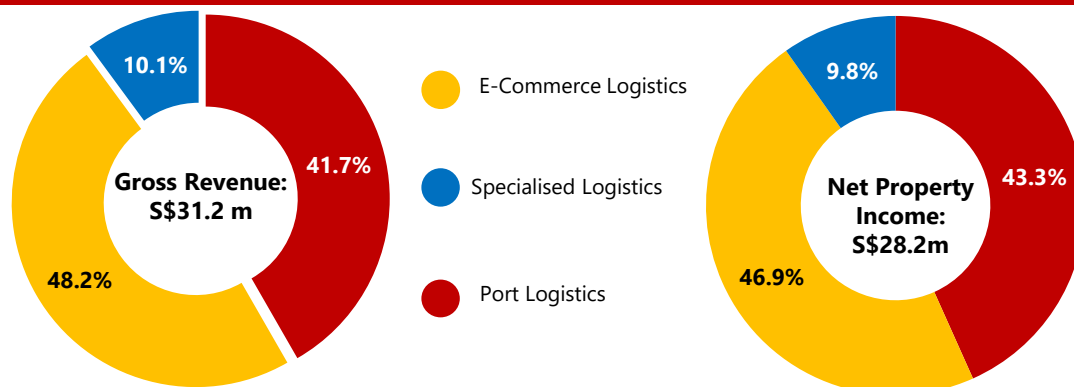
Lease Expiry Profile of Portfolio ⁽¹⁾

WALE by NLA: 1.8 years

WALE by Gross Rental Income: 2.1 years

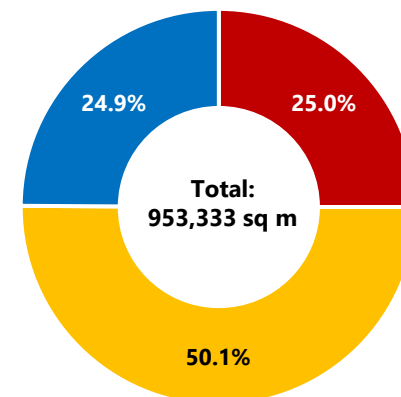


2QFY2022 Contribution by segments

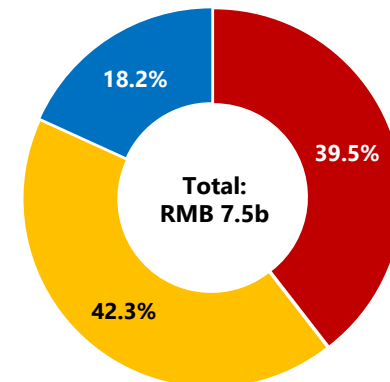


Portfolio Diversification ⁽¹⁾

By Net Lettable Area



By Valuation



● E-Commerce Logistics
 ● Specialised Logistics
 ● Port Logistics

(1) As at 30 June 2022; excluding Fu Zhuo Industrial



CONNECTING
the E-Commerce World



BALANCED
Portfolio of Specialised Assets

For queries, please contact:

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Thank You

