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EC World
运通网城 REIT

3QFY2022 Results Presentation

9 November 2022



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Agenda

Section A

3QFY2022 Key Highlights

Section B

Financial Review

Section C

Portfolio Update

Section D

Proposed Divestment



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Section A: 3QFY2022 Key Highlights



3QFY2022 Key Highlights



Financials and Distributions

- **Gross revenue and NPI** were marginally **lower y-o-y, by 5.5% and 5.4% to S\$29.8 million and S\$27.1 million respectively**, primarily due to translation effect from the weakening of RMB against SGD by 2.4%
- In RMB terms, after the relevant distribution adjustments, y-o-y 2% decline in gross revenue and NPI was due to the **absence of contribution from Fu Zhuo Industrial**, partly mitigated by **organic rental escalations**
- 3Q performance **underscores the stability of revenue stream** from our portfolio of diverse properties
- Distribute 100% of **3QFY2022 total amount available for distribution ~S\$11.0 million**
- DPU of **1.364** cents translates to a yield of **10.82%**



Asset Management

- **High occupancy rate of 98.8%** as at 30 September 2022
- WALE (by gross income) of **1.8 years**

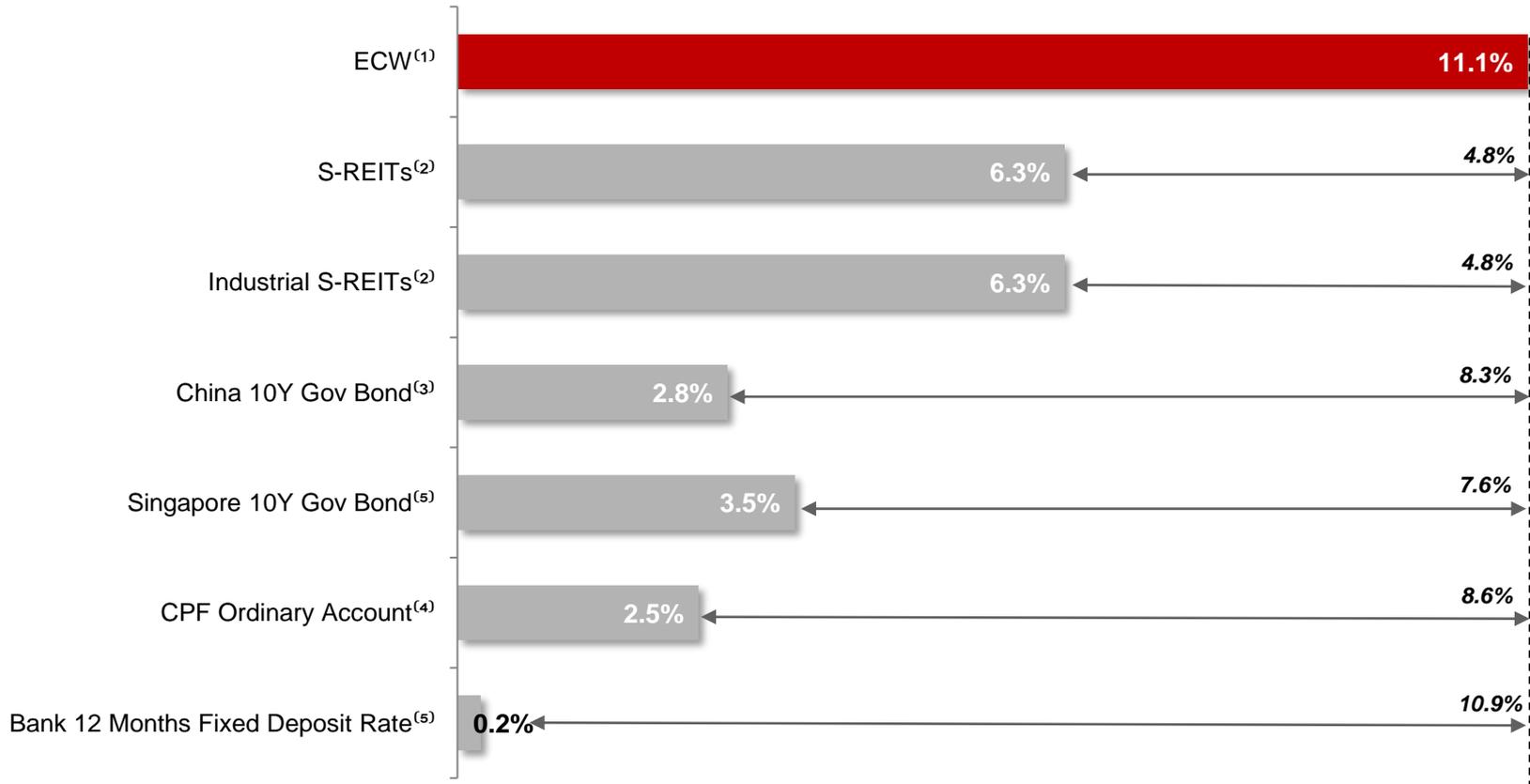


Capital and Debt Structure

- **All-in running interest rate** for 3QFY2022 of **4.8% (+0.8 ppt y-o-y)**
- Weighted average debt maturity of **0.70 years**
- Proposed divestment to fulfil loan repayment obligation by 31 December 2022
- In process to refinance the remaining loan amounts

Distribution Yield

Attractive Yield Compared to Peers



(1) Based on YTD9M2022 annualised DPU of 5.527 Singapore cents and closing price of S\$0.50 per unit as at 30 September 2022.

(2) Based on Broker Research

(3) Source: Bloomberg

(4) Source: CPF Board

(5) Source: Monetary Authority of Singapore



3QFY2022 Distribution Timetable

Distribution Timetable

Last Day of Trading on “cum” Basis	:	5 December 2022 (Monday)
Ex-date	:	6 December 2022 (Tuesday)
Record Date	:	7 December 2022 (Wednesday)
Distribution Payment Date (Est)	:	29 December 2022 (Thursday)



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Section B: Financial Review



3QFY2022 (Year-on-Year) Summary Results

Year-on-Year Comparison	3QFY2022	3QFY2021	Variance (%)
Gross revenue (S\$'000)	29,830	31,556	(5.5)
Net property income (S\$'000)	27,051	28,595	(5.4)
Finance Costs (S\$'000)	(10,609)	(10,011)	6.0
Income tax expenses (S\$'000)	(5,671)	(5,230)	8.4
Total amount available for distribution (S\$'000) ¹	11,046	14,146	(21.9)
Amount retained (S\$'000) ²	-	707	N/M
Distribution to Unitholders (S\$'000) ²	11,046	13,439	(17.8)
Applicable number of units for computation of DPU (million)	809.8	808.6	0.2
Distribution Per Unit (Singapore cents)	1.364	1.662	(17.9)

(1) Based on 100% distribution

(2) Retention of 5% of total income available for distribution in 3QFY2021

- Lower gross revenue and NPI due mainly to **absence of income contribution from Fu Zhuo Industrial, lower late fee income** and the **weakening of RMB by 2.4% y-o-y**
- After the relevant distribution adjustments, **gross revenue and NPI in RMB terms** was **2.0%** lower due to **lower late fee income**, along with the **absence of income contribution** from Fu Zhuo Industrial, but partly **lifted by organic rental escalations**
- Higher finance costs caused by the **0.8 percentage points increase** in the blended all-in running interest rate to 4.8%
- **Lower distribution to Unitholders** mainly due to the **absence of contribution from Fu Zhuo Industrial** and **higher finance costs**, as well as the payment of **100% Management fees in cash**, versus 50% payment in units a year ago
- **DPU of 1.364 cents**, comprising **100% payout** from 3QFY2022 distributable income which translated to a yield of 10.82%

3QFY2022 (Quarter-on-Quarter) Summary Results

Year-on-Year Comparison	3QFY2022	2QFY2022	Variance (%)
Gross revenue (S\$'000)	29,830	31,173	(4.3)
Net property income (S\$'000)	27,051	28,205	(4.1)
Finance Costs (S\$'000)	(10,609)	(10,207)	3.9
Income tax (expenses)/credit (S\$'000)	(5,671)	1,827	N/M
Total amount available for distribution (S\$'000)	11,046	9,977	10.7
Amount previously retained (S\$'000) to be distributed	-	1,256	N/M
Distribution to Unitholders (S\$'000) ¹	11,046	11,233	(1.7)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Distribution Per Unit (Singapore cents)	1.364	1.387	(1.7)

- Lower gross revenue and NPI q-o-q, mainly due to the **weakening of RMB against SGD**, as well as **lower late fee income**
- In RMB terms after relevant distribution adjustments, gross income and NPI declined 2%
- Higher amount available for distribution q-o-q attributable to **lower withholding tax paid for repatriation of funds in 3QFY2022**, in addition to **recognition of pre-termination payouts in 2QFY2022**, the absence of the latter cushioned the impact of weaker yuan on gross revenue and NPI and higher finance costs
- Distribution to Unitholders and DPU **declined slightly by 1.7%**, due to the inclusion of **payouts from previously retained income** from 2QFY2020 and 3QFY2020 in 2QFY2022 distribution.

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

9MFY2022 Summary Results

Year-on-Year Comparison	9MFY2022	9MFY2021	Variance (%)
Gross revenue (S\$'000)	93,154	93,545	(0.4)
Net property income (S\$'000)	84,990	84,212	0.9
Finance Costs (S\$'000)	(30,661)	(29,633)	3.5
Income tax expenses (S\$'000)	(10,732)	(17,234)	(37.7)
Total amount available for distribution (S\$'000)	32,223	39,464	(18.3)
Amount retained (S\$'000) ¹	-	3,240	N/M
Amount previously retained (S\$'000) to be distributed	1,256	1,951	(35.6)
Distribution to Unitholders (S\$'000) ²	33,479	38,175	(12.3)
Applicable number of units for computation of DPU (million)	809.8	808.6	0.1
Distribution Per Unit (Singapore cents)	4.134	4.726	(12.5)

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

(2) 2QFY2022 distribution included distribution previously retained in 2QFY2020 (balance) and 3QFY2020 (partial)

- In SGD terms, gross revenue declined by 0.4%, due mainly to the **absence of contribution from Fu Zhuo Industrial**, while **NPI benefitted from lower property expenses**, resulting in slight increase of 0.9%
- After the relevant distribution adjustments, gross revenue in **RMB terms was marginally lower by 0.2%**, due to the absence of contribution from Fu Zhuo Industrial, lower late fee income, **mainly offset by organic rental escalations**. **NPI in RMB terms was 1.3% higher**, attributable to **lower operating expenses at the Properties**
- **Finance costs were 3.5%** higher led by higher interest rate (0.5 percentage points increase in blended all-in running interest rate y-o-y to 4.6%) and higher option premium expenses
- **Income tax expenses declined 37.7%** arising from the **reversal of deferred tax** due to fair value loss on investment properties which offset the withholding tax
- **Distribution to Unitholders was 12.3% lower** due to the collective impact from **pre-termination compensation to 3rd party tenant, higher finance costs and withholding tax**, and **100% payment of Management fees** in cash versus 50% payment in units in 9MFY2021
- 9M DPU was **4.134 cents**

Stable Balance Sheet

S\$'000	As at 30 September 2022	As at 31 December 2021
Cash and cash equivalents ⁽¹⁾	104,254	169,255
Investment Properties ⁽²⁾	1,108,762	1,673,893
Disposal Group	466,134	-
Total Assets	1,702,625	1,895,263
Borrowings	612,421	721,493
Disposal Group	171,300	-
Total Liabilities	1,058,036	1,143,510
Net Assets attributable to Unitholders	644,589	751,753
NAV per unit (S\$)	0.80	0.93

(1) Includes RMB71.6 million (S\$14.4 million) cash security deposits received from the master leases, and cash deposits of RMB392.8 million (S\$79.2 million) placed as collateral for standby letter of credit ("SBLC") issuance

(2) Decline in Investment Properties due to Proposed Divestment of Stage 1 Properties of Bei Gang Logistics ("Beigang Logistics Stage 1") and Chongxian Port Logistics, and derecognition of Fu Zhuo Industrial and weakening of RMB against SGD. The entire assets and liabilities related to the Proposed Divestment were presented as a disposal group classified as held-for-sale as at 30 September 2022

Capital Management

Proactive Capital Management

3QFY2022 Summary

- **9MFY2022 and 3QFY2022** running interest rate of **4.6%** and **4.8% respectively**
- Aggregate leverage of **39.3%** as at **30 September 2022**
- Weighted Average Debt Maturity of **0.70 years**
- Interest coverage ratio of 2.77x⁽¹⁾

Key Metrics as at 30 September 2022

Total Debt Drawdown as at 30 September 2022	<ul style="list-style-type: none">• Onshore: RMB1,018.0 million and RMB77.0 million• Offshore: S\$300.0 million and US\$86.8 million (S\$124.5 million)• S\$97.9 million RCF⁽²⁾
3QFY2022 Blended Running Interest Rate⁽²⁾⁽³⁾	<ul style="list-style-type: none">• Onshore – 5.8% p.a.• Offshore – 4.9% p.a.• RCF – 1.3% to 4.3325% p.a.
Hedging Profile Forex (SGD/RMB) for 3QFY2022 distribution	Hedged through call vanilla option <ul style="list-style-type: none">• Strike price at CHN 4.9455

(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\$97.9 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 and 9 months ended 30 September 2022 was 5.7% and 5.4% respectively

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



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Section C: Portfolio Update



Resilient Portfolio with Embedded Organic Growth

Healthy Occupancy of 98.8%

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 ²	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	77.4%	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 ²	Multi Tenanted	99.5%	Integrated operations , storage processing and logistics distribution for steel products

(1) As at 30 September 2022

(2) On 3 October 2022, the Manager announced the proposed divestment of its indirect interests in Beigang Logistics Stage 1 and Chongxian Port Logistics. The NLA for the remaining five properties is 707,058 sqm.

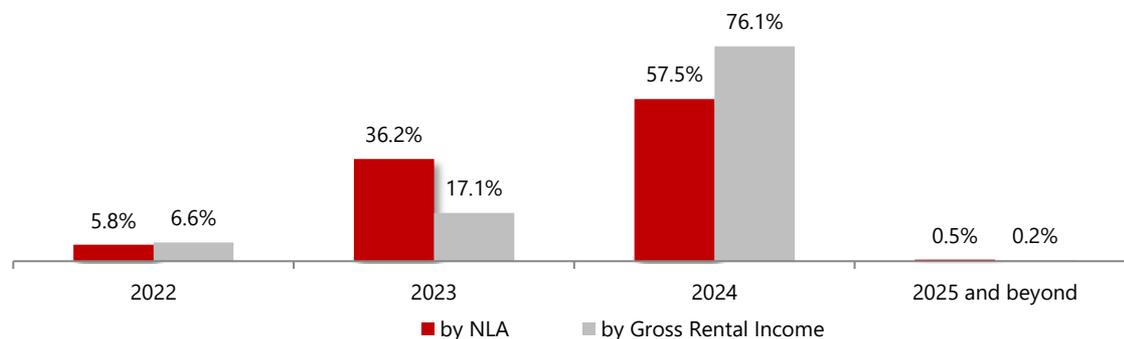
Quality and Differentiated Asset Portfolio

- ✓ Strong portfolio occupancy of **98.8%** as at 30 September 2022
- ✓ Stable income contribution across all sectors

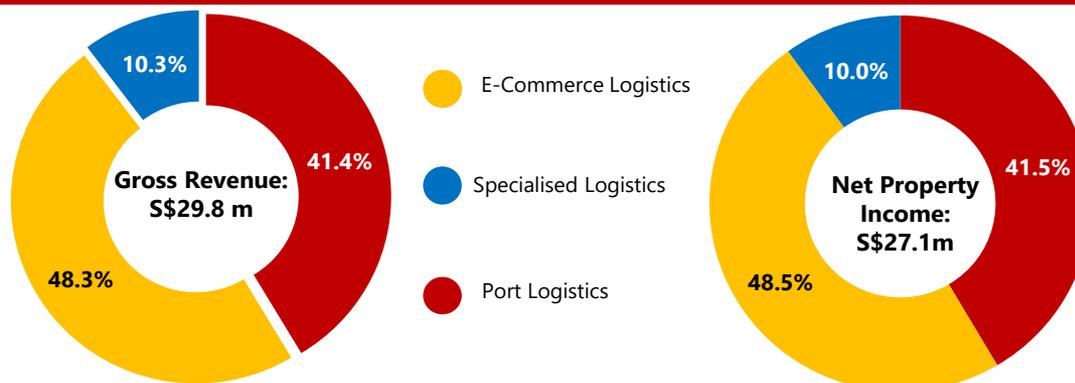
Lease Expiry Profile of Portfolio ⁽¹⁾

WALE by NLA: 1.6 years

WALE by Gross Rental Income: 1.8 years

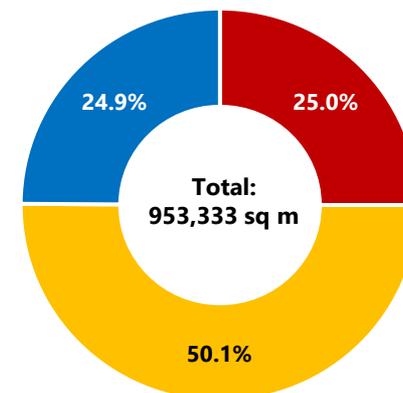


3QFY2022 Contribution by segments

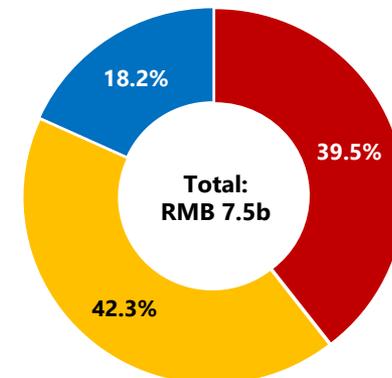


Portfolio Diversification ⁽¹⁾

By Net Lettable Area



By Valuation



● E-Commerce Logistics
 ● Specialised Logistics
 ● Port Logistics

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



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Section D: Proposed Divestment



Proposed Divestment

Equity Purchase Agreement

Divestment Properties to Purchasers¹ :

- Stage 1 Properties of Bei Gang (“Beigang”)
- Chongxian Port Logistics (“CXPL”)

Agreed Property Values:

- Beigang: RMB 1,213 million (S\$242.6 million) represents premium to the appraised valuation of 2.9%
- CXPL: RMB 820.1 million (S\$164.1 million) represents premium to the appraised valuation of 2.9%
- Aggregate property value of RMB 2,033 million (S\$406.8 million) is at blended premium of 17.8% versus purchase considerations at IPO

Unitholders’ approval to be obtained at EGM (physical format)

EGM Target Date	Early December 2022
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Parties to abstain from Voting

- The Sponsor and each of its associates including the Manager
- Mr Zhang Guobiao, Chairman and Non-Executive Director of the Manager
- Mr Goh Toh Sim, Executive Director and CEO of the Manager

Special Distribution²

Approximately RMB450.9 million (S\$90.2 million)/ S\$0.1114 per Unit

1) Wholly owned subsidiaries of the Sponsor

2) Special Distribution to form part of the intended use of proceeds from the divestment. As the divestment fee units will be issued to the Manager only after the record date for the purpose of determining Unitholders’ entitlements to the Special Distribution, accordingly, the Divestment fee units will not be entitled to the Special Distribution

Rationale for the Proposed Divestment

Rationale

1

Enabling debt financing and refinancing in order to avoid breaches of the Offshore Undertaking and Onshore Undertaking

- Repay the mandatory at least 25% of existing bank loans by 31 December 2022.
- Real risk of an imminent default of the repayment obligation due 31 December 2022 if the Proposed Divestment is not carried out.

2

Opportunity to realise value of the Divestment Properties

- | | | | |
|--|--|---|---------------------------|
| (i) Premium to independent valuations => aggregate agreed property value +2.9% premium to the appraised valuations | (ii) Premium to book value of the Target Companies as at 30 Jun 2022 | (iii) Premium to IPO levels = > blended premium of 17.8% vs. purchase considerations at IPO | (iv) Special Distribution |
|--|--|---|---------------------------|

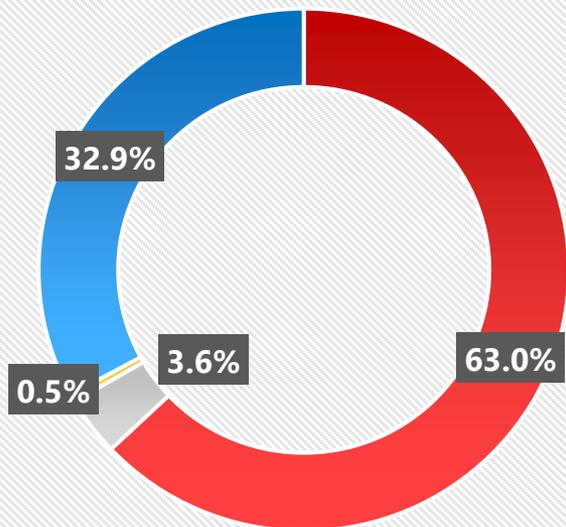
3

Preservation of long-term value for Unitholders

- Decline in asset valuations of Divestment Properties compared to IPO levels
- Beigang is no longer as attractive to tenants, due to market trends
- Unfeasible to overhaul and reposition the Divestment Properties to capture evolving e-commerce trends
- Chongxian is an aging property with upcoming extensive repair required

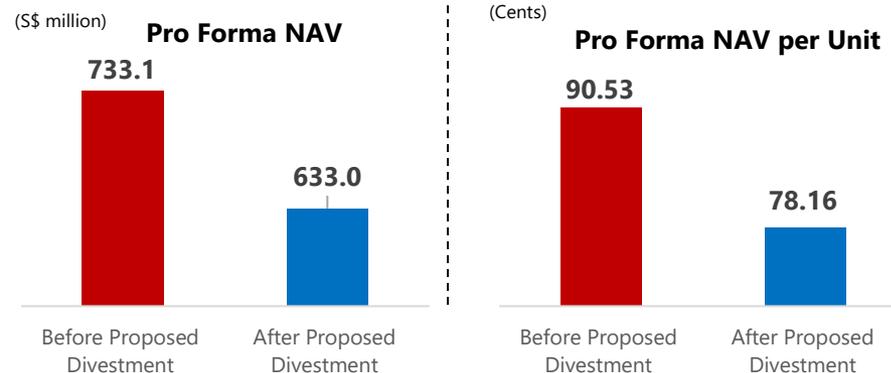
Use of divestment proceeds & Pro Forma Financial Effects

Intended Use of Divestment Proceeds

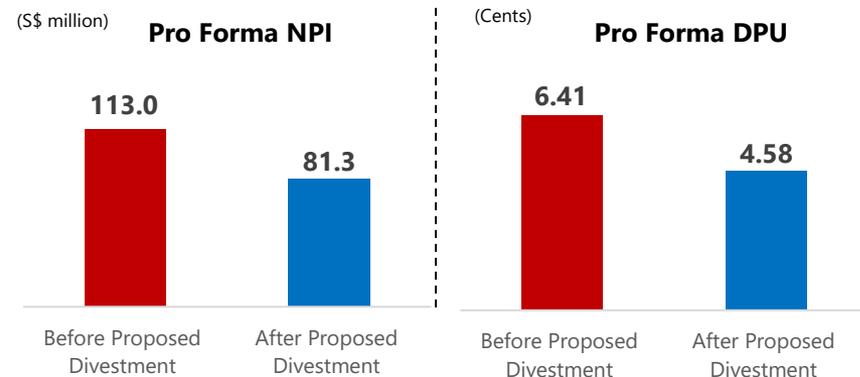


- Offshore loans repayment
- Relevant transaction costs
- Other expenses
- Special Distribution to Unitholders

Pro Forma NAV¹



Net Property Income²



- 1) Based on ECW's audited consolidated financial results for FY2021 and Appraised Valuation of the Divestment Properties as at 30 June 2022, after accounting for the estimated relevant transaction costs of approximately S\$10.0 million. Strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of ECW after completion.
- 2) Based on the audited consolidated financial results for FY2021 of ECW, adjusted based on the Appraised Valuation of the Divestment Properties as at 30 June 2022. Based on total number of Units in issue as at 30 September 2022.



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For queries, please contact:

Khoo Li Ching
Manager, Investor Relations
Tel: +65 6221 9018
khooliching@ecwreit.com
www.ecwreit.com



Thank You

