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Portfolio of Specialised Assets



EC World
运通网城 REIT

3QFY2023 Results Presentation

07 November 2023



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Agenda

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Section A: 3QFY2023 Key Highlights



3QFY2023 Key Highlights



Financials and Distributions

- 3QFY2023 **Gross revenue** and **NPI** were down by **9.5%** and **8.5%** y-o-y respectively, mainly due to straight-line rental adjustment and weakening of RMB (by 8.7% y-o-y), offset by **organic rental escalations and higher late fee**
- **Retained** 10% of total amount available for distribution in 3QFY2023 for general working capital purpose
- Higher finance cost mainly due to higher interest rate
- Calculated Q3 DPU of **0.916 cents** was **32.8% lower** y-o-y mainly due to lower gross revenue and higher finance cost
- Average Occupancy **of 97.4%** as at 30 September 2023
- WALE (by gross income) of **1.0 yrs**



Asset Management

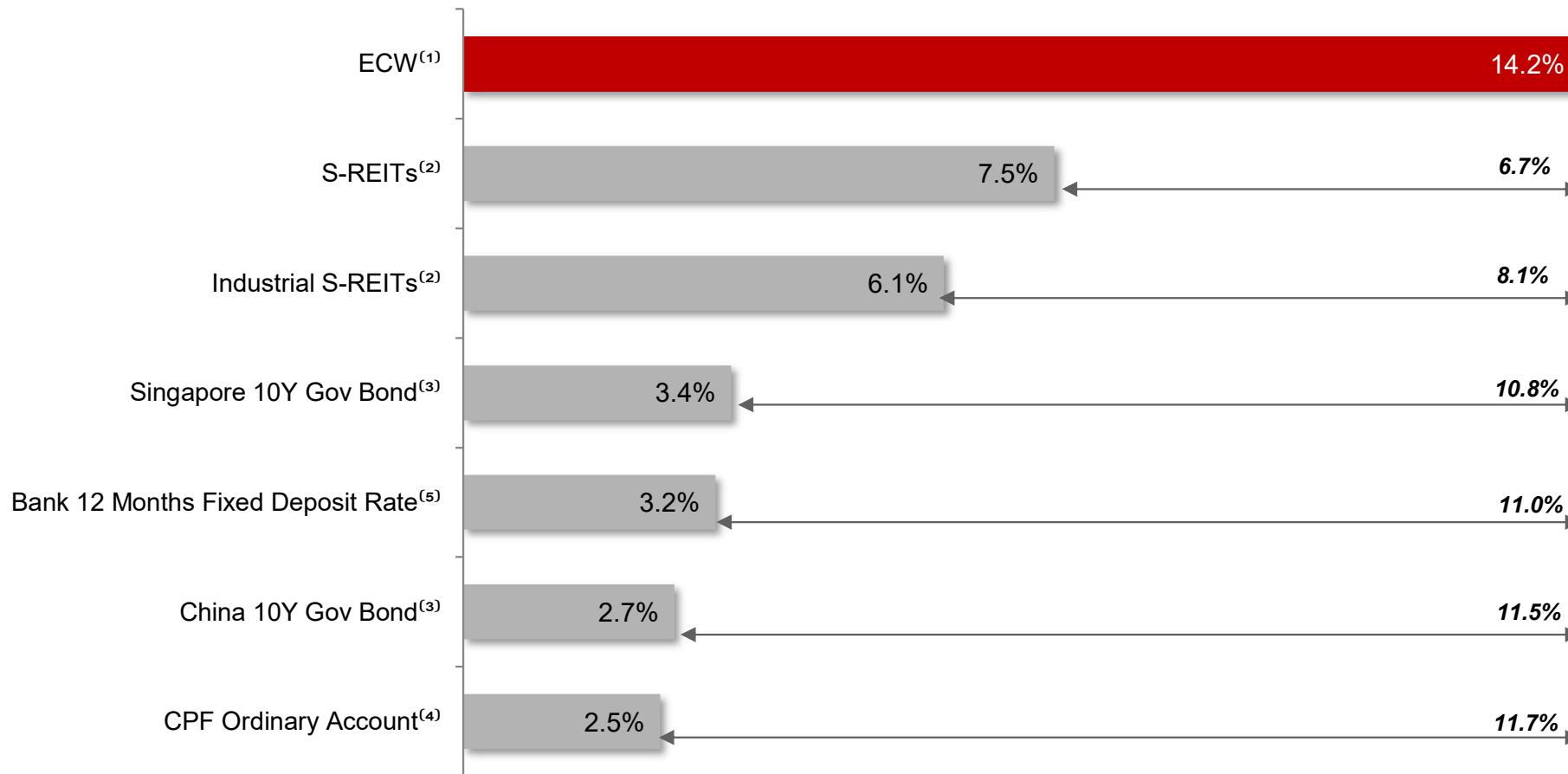


Capital and Debt Structure

- **All-in running interest rate** for 3QFY2023 of **6.5%**
- Weighted average debt maturity of **1.20 years**

Distribution Yield

High Yield Compared to Peers



(1) Annualised yield based on 9MFY23 Calculated DPU 3.970 Singapore cents and closing price of S\$0.280 per unit as at 28 August 2023.

(2) Source: SGX Sep Chartbook: SREITs & Property Trusts

(3) Source: Trading Economics

(4) Source: CPF Board

(5) Source: Average rate based on media compilation



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Section B: Financial Review



3QFY2023 (Year-on-Year) Summary Results

Year-on-Year Comparison	3QFY2023	3QFY2022	Variance (%)
Gross revenue (S\$'000)	27,001	29,830	(9.5)
Net property income (S\$'000)	24,748	27,051	(8.5)
Finance Cost (S\$'000)	(11,758)	(10,609)	10.8
Income tax expenses (S\$'000)	(5,463)	(5,671)	(3.7)
Total amount available for distribution (S\$'000) ¹	8,239	11,046	(25.4)
Amount retained (S\$'000) ²	(823)	-	N/M
Calculated distribution to Unitholders (S\$'000)	7,416	11,046	(32.9)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)	0.916	1.364	(32.8)

(1) Based on 100% distribution

(2) Retention of total amount available for distribution in 3QFY2023 for general working capital purpose

- **Lower gross revenue and NPI** year-on-year, mainly due to weakening of RMB against SGD and straight-line rental adjustment, offset by organic rental escalations and higher late fee
- In RMB terms after the relevant distribution adjustments, gross revenue **increased 0.3%** due to higher late fee and **organic rental escalations**
- The **increase in NPI in RMB terms of 1.7%** was benefited from the **lower operating expenses**
- Higher finance cost was driven by higher interest rate in the quarter compared to 3Q2022
- **Lower distribution to Unitholders** mainly due to lower gross revenue, higher finance cost, assumed retention for general working capital purpose
- **Calculated DPU of 0.916 cents**, translating to an annualized yield of **12.98%**, which will be part of the half yearly distribution for period 1 July 2023 to 30 December 2023

3QFY2023 (Quarter-on-Quarter) Summary Results

Quarter-on-Quarter Comparison	3QFY2023	2QFY2023	Variance (%)
Gross revenue (S\$'000)	27,001	27,580	(2.1)
Net property income (S\$'000)	24,748	25,716	(3.8)
Finance Cost (S\$'000)	(11,758)	(11,745)	0.1
Income tax expenses (S\$'000)	(5,463)	(5,858)	(6.7)
Total amount available for distribution (S\$'000)	8,239	8,328	(1.1)
Amount retained (S\$'000)	(823)	(833)	(1.2)
Calculated distribution to Unitholders (S\$'000) ¹	7,416	7,495	(1.1)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)	0.916	0.926	(1.1)

- Gross revenue and NPI **declined 2.1% and 3.8% q-o-q**, mainly due to the **weakening of RMB against SGD**
- In RMB terms after relevant distribution adjustments, gross income rose marginally by 0.5% while NPI down by 1.1% during the quarter
- Lower amount available for distribution mainly due to lower NPI in SGD term

(1) 10% of total amount available for distribution for the quarter was retained

9MFY2023 Summary Results

Year-on-Year Comparison	9MFY 2023	9MFY 2022	Variance (%)
Gross revenue (S\$'000)	82,715	93,154	(11.2)
Net property income (S\$'000)	76,542	84,990	(9.9)
Finance Cost (S\$'000)	(34,602)	(30,661)	12.9
Income tax expenses (S\$'000)	(17,933)	(10,732)	67.1
Total amount available for distribution (S\$'000)	26,709	32,223	(17.1)
Amount retained (S\$'000) ¹	2,670	-	N/M
Amount previously retained (S\$'000) to be distributed	-	1,256	N/M
Calculated distribution to Unitholders (S\$'000) ²	24,039	33,479	(28.2)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)	2.969	4.134	(28.2)

(1) 10% Retention of total amount available for distribution for general working capital purpose for the financial period with effective from 1 January 2023

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

- Lower gross revenue and NPI year-on-year, mainly due to weakening of RMB against SGD
- After relevant distribution adjustments, **gross revenue in RMB terms** was **1.8%** lower, mainly due to cessation of income contribution from Fu Zhuo Industrial from 1 Apr 2022, lower rental income from Meiluote as a result of lower occupancy rate and lower late fee income, offset by the impact of organic rental escalations and lower operating expenses at the Properties.
- **NPI in RMB terms is only 0.2% lower** as NPI benefited from the impact of lower operating expenses at the properties
- Higher finance costs of 12.9% mainly due to higher interest rate and extension fees incurred during the period
- Higher **income tax expenses** in **9MFY2023** was mainly due to the **reversal of deferred tax in prior year** as a result of fair value loss on investment properties
- **Distribution to Unitholders declined 28.2%** was mainly due weakening of RMB against SGD, lower revenue, higher interest cost, 10% retention of distributable income and absence of pay out distribution previously retained in prior periods
- Calculated 9 months DPU was **2.969 cents**

Balance Sheet

S\$'000	As at 30 September 2023	As at 31 December 2022
Cash and cash equivalents ⁽¹⁾	106,315	113,330
Investment Properties ⁽²⁾	1,040,590	1,076,874
Assets of Disposal Group classified as held-for-sale	414,990	460,424
Total Assets	1,594,169	1,666,778
Borrowings	531,110	593,136
Liabilities directly associated with Disposal Group classified as held-for-sale	142,942	161,053
Total Liabilities	1,027,526	1,059,784
Net Assets attributable to Unitholders	566,643	606,994
NAV per unit (S\$)	0.70	0.75

(1) Includes RMB71.6 million (S\$13.4 million) cash security deposits received from the master leases, and cash deposits of RMB474.4 million (S\$88.7 million) placed as collateral for standby letter of credit ("SBLC") issuance

(2) The decrease in the carrying amount of Investment Properties was due to the weakening of RMB against SGD

Capital Management

Key Metrics as at 30 Sep 2023

Aggregate Leverage	<ul style="list-style-type: none">• 36.9% (31 December 2022: 38.8%)
9MFY 2023 Blended Running Interest Rate⁽¹⁾⁽²⁾	<ul style="list-style-type: none">• Aggregate – 6.0% p.a.• Onshore – 5.8% p.a.• Offshore – 6.3% p.a.• RCF – 4.19% to 5.55% p.a.
Weighted Average Debt Maturity⁽³⁾	<ul style="list-style-type: none">• 1.20 years
Interest coverage ratio⁽⁴⁾	<ul style="list-style-type: none">• 2.28x (31 December 2022: 2.68 times)

Existing Bank Loans

- Refinanced in 2Q2023
- Current offshore facility aggregate principal amount of up to SGD348.9m, onshore facility aggregate principal amount of up to RMB745.5m
- The offshore facility's tenure is 11 months ending on 30 April 2024, to be extended for further period of 24 months to 30 April 2026, subject to registration with NDRC, the lenders' consent and other conditions

(1) \$82.3 million drawn down from \$90.0 million revolving credit facilities. Including amortized upfront fee, the blended all-in interest rate of the aggregate facilities for the quarter and 9 months ended 30 September 2023 was 7.4% and 6.9% respectively

(2) Based on average loans outstanding as at 30 September 2023

(3) Based on the maturity date of new Onshore and Offshore facilities

(4) 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



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Section C: Portfolio Update



Existing Portfolio

Average Occupancy of 97.4%

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.	100.0%	Coveted property; supporting e-commerce fulfilment
Fuzhou E-Commerce	Master Lease: 8 Aug 2019 to 7 Aug 2024 Rental escalation of 2.25% per annum	100.0%	Situated next to Fu Heng. An 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	100.0%	Asset under divestment
Wuhan Meiluote	Multi Tenanted	51.8%	First acquisition in 2018. Houses mainly e-commerce players Heavy competition at Wuhan market currently

Specialized Logistics Asset

Asset	Lease Structure	Occupancy	Key Highlight
Hengde Logistics	Multi Tenanted.	99.9%	Customised environment control warehouse space

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	100.0%	River port for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	99.3%	Asset under divestment
Fu Zhuo Industrial	N.A.	N.A.	Ceased income contribution from 1 April 2022

(1) As at 30 September 2023

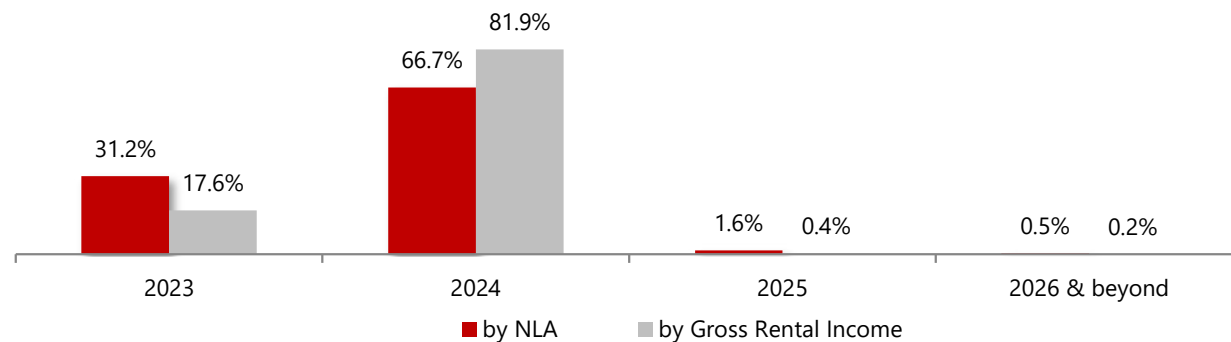
Quality and Differentiated Asset Portfolio

- ✓ Average portfolio occupancy of **97.4%** as at 30 September 2023
- ✓ income contribution across all sectors, however collection of rentals from related parties has been seriously delayed

Lease Expiry Profile of Portfolio ⁽¹⁾

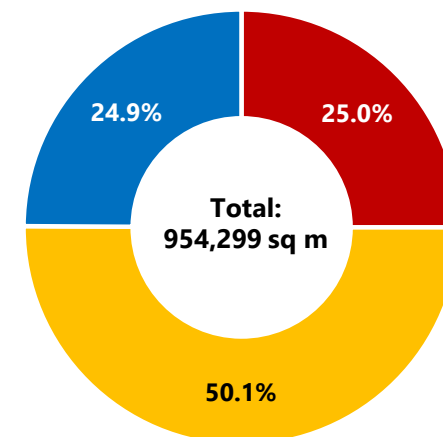
WALE by NLA: 0.8 years

WALE by Gross Rental Income: 1.0 years

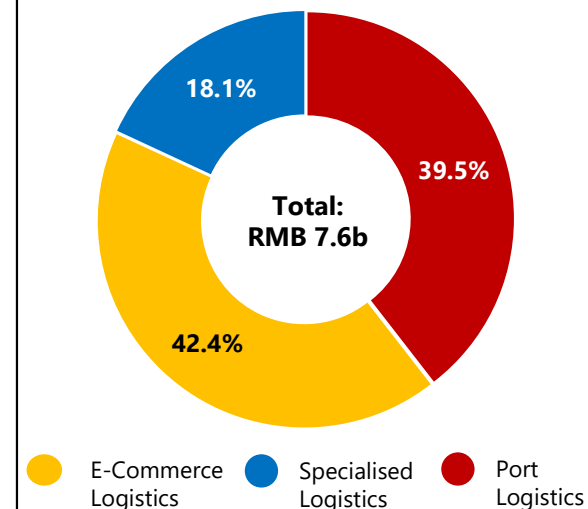


Portfolio Diversification ⁽¹⁾

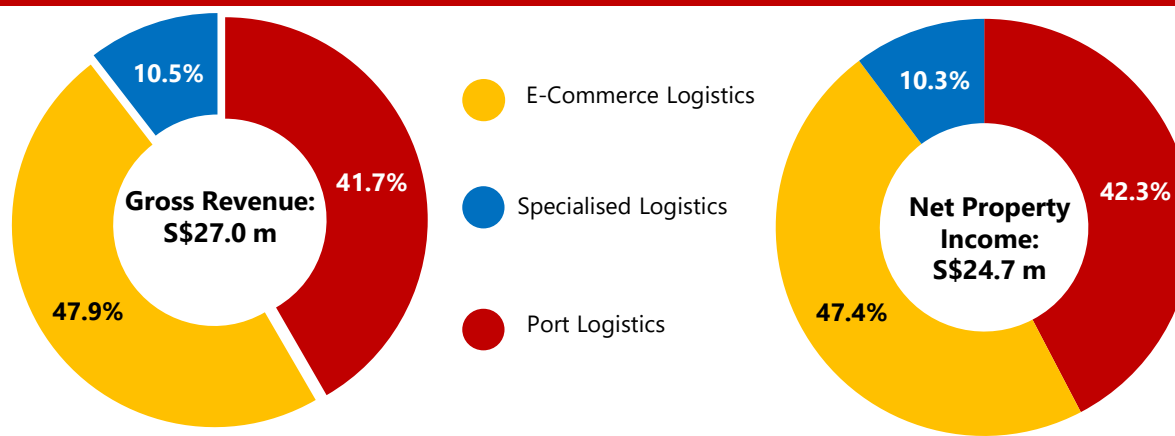
By Net Lettable Area



By Valuation



3QFY2023 Contribution by segments



(1) As at 30 September 2023



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For queries, please contact:

Yu Wensu

Manager, Investor Relations

Tel: +65 6221 9018

Wensu@ecwreit.com

www.ecwreit.com



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Thank You

