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EC World
运通网城 REIT

FY2023 Results Presentation

27 February 2024



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Agenda

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FY2023 Key Highlights

Section B

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Section C

Portfolio Update



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Section A: FY2023 Key Highlights



FY2023 Key Highlights



Financials and Distributions

- FY2023 **Gross revenue** and **NPI** were down by **11.4%** and **10.6%** y-o-y respectively, mainly caused by weakening of RMB against SGD, lower occupancy rate in Wuhan Meilute, early termination of China Tobacco leases in relation to Hengde Logistics Phase I, cessation of rental income contribution from Fu Zhuo Industrial from 1 Apr 2022, mitigated partly by organic rental escalations and higher late fee income
- **Retained** 10% of total amount available for distribution in FY2023 for general working capital purpose
- **Higher finance cost** mainly due to higher interest rate and extension fee incurred during the year
- Calculated FY2023 **DPU of 3.659 cents was 23.2% lower** y-o-y mainly due to lower gross revenue and higher finance cost and absence of pay out distribution previously retained in prior periods
- **Occupancy of 79.9%** as at 31 December 2023
- WALE (by gross income) of **0.8 years**



Asset Management



Capital and Debt Structure

- **All-in running interest rate** for FY2023 of **6.3% p.a.**
- Weighted average debt maturity of **0.95 years**



EC World REIT suspends distribution for 2H 2023 due to insufficient funds

- As announced by the manager on 27 September 2023, ECW REIT was not able to make distribution to unitholders for the first half year ended 30 June 2023 due on 28 September 2023 due to insufficient funds
- The payment of the 1H2023 distribution will be deferred to a future date when the ECW REIT has sufficient free cash for the distribution
- As per offshore facility agreement, permitted distribution means the payment of a dividend by ECW REIT to any holder in accordance with the Trust Deed, provided that :
 - a) No default is continuing or would occur immediate after making the payment;
 - b) the Borrowers are in compliance with the requirement in Clause 20 (financial Covenant) whether before, on or after such payment
- The Manager ECW will not able to fulfil, from the deposited property of the REIT, the liabilities of the property fund as they fall due if making distribution⁽¹⁾
- **Based on current cash situation, no distribution for 2H2023** due to insufficient funds

1. Paragraph 7.3 of the Property Funds Appendix which states that if "the manager declares a distribution that is in excess of profits, the manager should certify, in consultation with the trustee, that it is satisfied on reasonable grounds that, immediately after making the distribution, the property fund will be able to fulfil, from the deposited property of the property fund, the liabilities of the property fund as they fall due"



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Section B: Financial Review



4QFY2023 (Year-on-Year) Summary Results

Year-on-Year Comparison	4QFY2023	4QFY2022	Variance (%)
Gross revenue (S\$'000)	25,055	28,414	(11.8)
Net property income (S\$'000)	22,659	25,966	(12.7)
Finance Cost (S\$'000)	(12,013)	(11,195)	7.3
Income tax credit/ (expenses) (S\$'000)	126,787	(11,845)	N/M
Total amount available for distribution (S\$'000) ⁽¹⁾	6,214	9,229	(32.7)
Amount retained (S\$'000) ⁽²⁾	(622)	(4,144)	(85.0)
Calculated distribution/distribution to Unitholders (S\$'000)	5,592	5,085	10.0
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution/distribution Per Unit (Singapore cents)⁽³⁾	0.690	0.628	9.9

(1) Based on 100% distribution

(2) Retention of total amount available for distribution in 4QFY2023 for general working capital purpose

(3) There will be no distribution for 2H2023 as ECW is not able to fulfil, from the deposited property of the REIT, the liabilities as they fall due

(4) Based on the share price of \$0.28 per unit as at 28 August 2023

- **Lower gross revenue and NPI** y-o-y, mainly due to **weakening of RMB against SGD** and straight-line rental adjustment, **lower occupancy rate in Wuhan Meiluote** and **early termination of China Tobacco leases** in relation to Hengde Logistics Phase I, mitigated partly by organic rental escalations and higher late fee income
- In RMB terms after straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, **gross revenue and NPI was 0.9% and 1.2% lower respectively** compared to 4Q2022, mainly due to **lower occupancy rate in Wuhan Meiluote** and **early termination of China Tobacco leases** in relation to Hengde Logistics Phase I, offset by organic rental escalations and higher late fee income
- **Higher finance cost** was driven by higher interest rate in the quarter compared to 4Q2022
- **Income tax credit in FY2023** was mainly due to the **reversal of deferred tax expenses of S\$132.7 million** as a result of fair value loss on investment properties
- Calculated distribution to Unitholders is 10.0% higher as compared to 4Q2022 due to 10% distributable income for full year of FY2022 retained in 4Q2022, offset by lower revenue and higher finance cost in 4Q2023
- **Calculated DPU of 0.690 cents⁽³⁾**, translating to an annualized yield of **9.78%⁽⁴⁾**

4QFY2023 (Quarter-on-Quarter) Summary Results

Quarter-on-Quarter Comparison	4QFY2023	3QFY2023	Variance (%)
Gross revenue (S\$'000)	25,055	27,001	(7.2)
Net property income (S\$'000)	22,659	24,748	(8.4)
Finance Cost (S\$'000)	(12,013)	(11,758)	2.2
Income tax credit/ (expenses) (S\$'000)	126,787	(5,463)	N/M
Total amount available for distribution (S\$'000)	6,214	8,239	(24.6)
Amount retained (S\$'000)	(622)	(823)	(24.4)
Calculated distribution to Unitholders (S\$'000) ⁽¹⁾	5,592	7,416	(24.6)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)⁽²⁾	0.690	0.916	(24.7)

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

(2) There will be no distribution for 2H2023 as ECW is not able to fulfil, from the deposited property of the REIT, the liabilities as they fall due

- Gross revenue and NPI **declined 7.2% and 8.4% q-o-q**, mainly due to the **weakening of RMB against SGD** and **early termination of China Tobacco leases in relation to Hengde Logistics Phase I**
- In RMB terms after relevant distribution adjustments, **gross revenue decrease 1.4%** while **NPI down by 2.1%** during the quarter
- **Income tax credit in 4QFY2023** was mainly due to the **reversal of deferred tax expenses of S\$132.7 million** as a result of fair value loss on investment properties
- Lower amount available for calculated distribution mainly due to lower NPI in SGD term

FY2023 Summary Results

Year-on-Year Comparison	FY2023	FY2022	Variance (%)
Gross revenue (S\$'000)	107,770	121,568	(11.4)
Net property income (S\$'000)	99,201	110,956	(10.6)
Finance Cost (S\$'000)	(46,615)	(41,856)	11.4
Income tax credit/ (expenses) (S\$'000)	108,854	(22,577)	N/M
Total amount available for distribution (S\$'000)	32,923	41,452	(20.6)
Amount retained (S\$'000) ¹	(3,292)	(4,144)	(20.6)
Amount previously retained (S\$'000) to be distributed	-	1,256	N/M
Calculated distribution to Unitholders (S\$'000) ²	29,631	38,564	(23.2)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)³	3.659	4.762	(23.2)

(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) For FY2022, 2QFY2022 distribution included distribution previously retained in 2QFY2020 (balance) and 3QFY2020 (partial)

(3) There will be no distribution for 2H2023 due to insufficient funds

- **Lower gross revenue and NPI y-o-y**, mainly due to weakening of RMB against SGD, **lower occupancy rate in Wuhan Meiluote, early termination of China Tobacco leases** in relation to Hengde Logistics Phase I, **cessation of rental income contribution from Fu Zhuo Industrial** from 1 Apr 2022, mitigated partly by organic rental escalations and higher late fee income
- After straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, **gross revenue and NPI in RMB terms was 1.6% and 0.5% lower** respectively compared to FY2022, mainly due to **lower occupancy rate in Wuhan Meiluote, early termination of China Tobacco leases in relation to Hengde Logistics Phase I, cessation of rental income contribution from Fu Zhuo Industrial** from 1 Apr 2022, mitigated partly by organic rental escalations, higher late fee income and lower operating expenses at the Properties
- **Higher finance costs of 11.4%** mainly due to higher interest rate and extension fee incurred during the year
- **Income tax credit in FY2023** was mainly due to the **reversal of deferred tax expenses of S\$132.7 million** as a result of fair value loss on investment properties
- Calculated Distribution to Unitholders declined 23.2% mainly due to lower revenue, higher interest cost, and absence of pay out distribution previously retained in prior periods
- **Calculated DPU for FY2023 was 3.659 cents³**

Balance Sheet

S\$'000	As at 31 December 2023	As at 31 December 2022
Cash and cash equivalents ⁽¹⁾	100,964	113,330
Investment Properties ⁽²⁾	805,629	1,076,874
Assets of Disposal Group classified as held-for-sale	-	460,424
Total Assets	998,245	1,666,778
Borrowings	559,079	593,136
Liabilities directly associated with Disposal Group classified as held-for-sale	-	161,053
Total Liabilities	903,384	1,059,784
Net Assets attributable to Unitholders	94,861	606,994
NAV per unit (S\$)	0.12	0.75

(1) Includes RMB195.1 million (S\$36.2 million) cash security deposits received from the master leases and cash deposits of RMB474.9 million (S\$88.2 million) placed as collateral for standby letter of credit ("SBLC") issuance. As at 31 December 2023, cash collaterals for SBLC facilities were placed with United Overseas Bank (China) Limited and Bank of East Asia (China) Limited which have good credit rating

(2) Represents the year end fair value of the investment properties based on the valuation as at 31 December 2023 conducted by Knight Frank. The decrease in the carrying amount of Investment Properties was due to fair value loss and weakening of RMB against SGD

Capital Management

Key Metrics as at 31 December 2023

Aggregate Leverage	<ul style="list-style-type: none">• 58.3%⁽¹⁾ (31 December 2022: 38.8%)
FY 2023 Blended Running Interest Rate⁽²⁾⁽³⁾	<ul style="list-style-type: none">• Aggregate – 6.3% p.a.• Onshore – 5.9% p.a.• Offshore – 6.5% p.a.• RCF – 4.19% to 5.55% p.a.
Weighted Average Debt Maturity⁽⁴⁾	<ul style="list-style-type: none">• 0.95 years
Interest coverage ratio⁽⁵⁾	<ul style="list-style-type: none">• 2.11x (31 December 2022: 2.68x)

Existing Bank Loans

- Refinanced in 2Q2023
- As at 31 December 2023, ECW has onshore bank loans of RMB735.2 million and offshore bank loans of SGD344.2 million outstanding
- The offshore facility's tenure is 11 months ending on 30 April 2024. The registration of the ECW Group's existing offshore facility with the NDRC has not been completed, and is unlikely to be completed by 30 April 2024

- (1) Appendix 6 of the Property Funds Appendix states that the aggregate leverage limit is not considered to be breached if exceeding the limit is due to circumstances beyond the control of the Manager
- (2) \$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 12 months ended 31 December 2023 was 7.6% and 7.2% respectively
- (3) Based on average loans outstanding as at 31 December 2023
- (4) Based on the maturity date of new Onshore and Offshore facilities
- (5) 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 79.9%

E-Commerce Logistics Assets

Asset	Lease Structure ⁽¹⁾	Occupancy ⁽²⁾	Key Highlight
Fu Heng Warehouse	MLA/ Novation in process	100.0%	Coveted property; supporting e-commerce fulfilment
Fuzhou E-Commerce	MLA/ Novation in process	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	100.0%	An integrated e-commerce logistic asset
Wuhan Meiluote	Multi Tenanted	44.0%	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	31.4%	Customised environment control warehouse space

Port Logistics Assets

Asset	Lease Structure	Occupancy	Key Highlight
Chongxian Port Investment	MLA/ Novation in process	100.0%	River port for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	99.3%	An integrated complex of with warehouses and office building
Fu Zhuo Industrial	N.A.	N.A.	Ceased income contribution from 1 April 2022

(1) As at 31 December 2023. MLA: Master Leased Agreement

(2) As at 31 December 2023

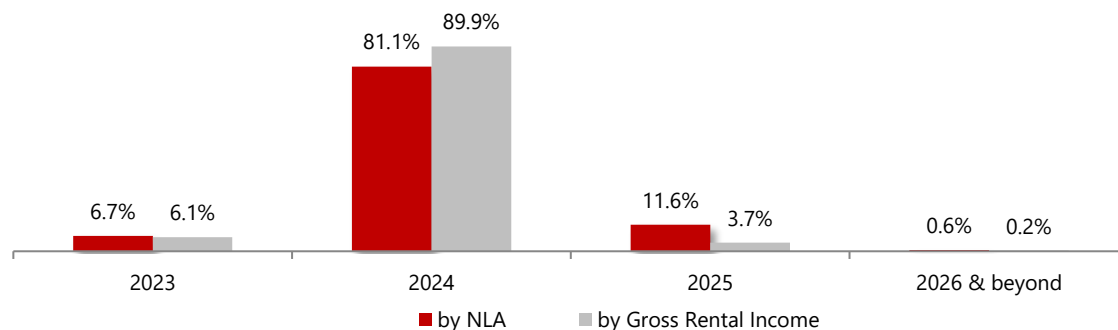
Quality and Differentiated Asset Portfolio

- ✓ Average portfolio occupancy of **79.9%** as at 31 December 2023
- ✓ Income contribution across all sectors, however collection of rentals from related parties has been seriously delayed

Lease Expiry Profile of Portfolio ⁽¹⁾

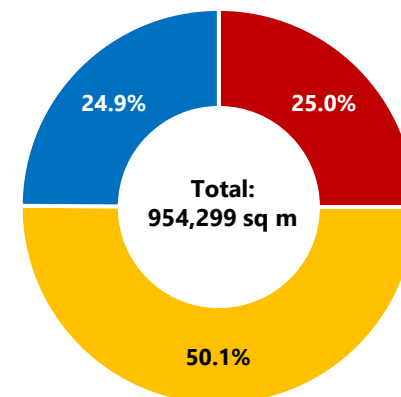
WALE by NLA: 0.8 years

WALE by Gross Rental Income: 0.8 years

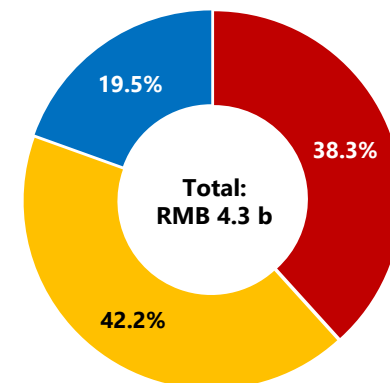


Portfolio Diversification ⁽¹⁾

By Net Lettable Area

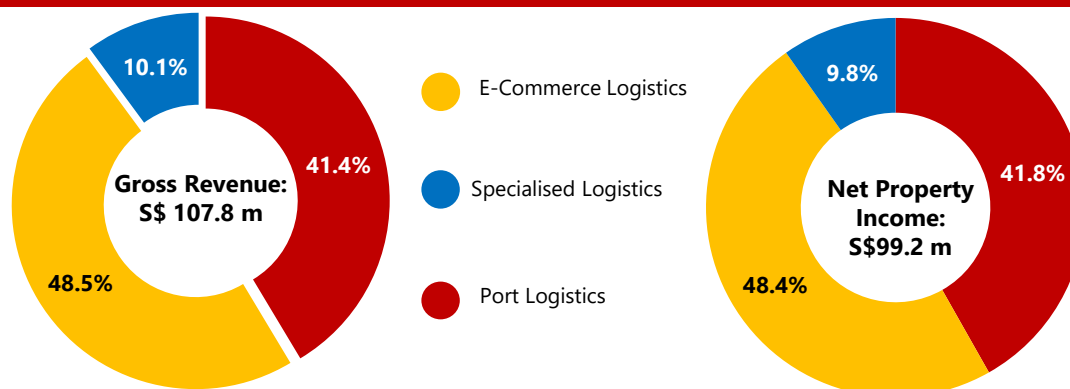


By Valuation



● E-Commerce Logistics
 ● Specialised Logistics
 ● Port Logistics

FY2023 Contribution by segments



(1) As at 31 December 2023



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Thank You

