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运通网城 REIT

# 1QFY2024 Results Presentation

13 May 2024



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# Agenda

## Section A

1QFY2024 Key Highlights

## Section B

Financial Review

## Section C

Portfolio Update



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# Section A: 1QFY2024 Key Highlights



# 1QFY2024 Key Highlights



## Financials and Distributions

- 1QFY2024 **Gross revenue** and **NPI** were down by **10.1%** and **10.6%** y-o-y respectively, mainly due to discontinuation of China Tobacco leases in relation to Hengde Logistics Phase I, lower rental income from Chongxian Port Logistics, weakening of RMB against SGD, mitigated partly by organic rental escalations, higher late fee income and lower operating expenses at the properties
- **Retained** 10% of total amount available for distribution for general working capital purpose for the financial period with effect from 1 January 2023
- **Higher finance cost** mainly due to higher interest rate in the quarter
- Calculated 1QFY2024 **DPU of 0.904 cents was 19.8% lower** y-o-y mainly due to lower gross revenue and higher finance cost
- **Occupancy of 71.3%** as at 31 March 2024
- WALE (by gross rental income) of **1.0 year**



## Asset Management



## Capital and Debt Structure

- **All-in running interest rate** for 1QFY2024 of **6.8% p.a.**
- Weighted average debt maturity of **0.70 years**



## Next distribution to Unitholders will be subject to funding availability

- As announced by the manager on 27 September 2023, ECW REIT was not able to make distribution to unitholders for the 1H2023 which was to be paid 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
- There was no distribution for 2H2023
- 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<sup>(1)</sup>
- Subject to funding availability, the next distribution to Unitholders would be for the period from 1 January 2024 to 30 June 2024.

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



# 1QFY2024 (Year-on-Year) Summary Results

Year-on-Year Comparison	1QFY2024	1QFY2023	Variance (%)
Gross revenue (S\$'000)	25,296	28,134	(10.1)
Net property income (S\$'000)	23,311	26,078	(10.6)
Finance Cost (S\$'000)	(11,755)	(11,099)	5.9
Income tax expenses (S\$'000)	(3,733)	(6,612)	(43.5)
Total amount available for distribution (S\$'000) <sup>(1)</sup>	8,134	10,142	(19.8)
Amount retained (S\$'000) <sup>(2)</sup>	(814)	(1,014)	(19.7)
Calculated distribution/distribution to Unitholders (S\$'000)	7,320	9,128	(19.8)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
<b>Calculated distribution/distribution Per Unit (Singapore cents)<sup>(3)</sup></b>	<b>0.904</b>	<b>1.127</b>	<b>(19.8)</b>

(1) Based on 100% distribution

(2) Retention of total amount available for distribution in 1QFY2024 for general working capital purpose

(3) The next distribution to Unitholders will be for the period from 1 January 2024 to 31 December 2024 subject to funding availability

(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 **discontinuation of China Tobacco leases** in relation to Hengde Logistics Phase I, **lower rental income** from Chongxian Port Logistics, weakening of RMB against SGD, mitigated partly by organic rental escalations, higher late fee income and lower operating expenses at the properties
- In RMB terms after straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, **gross revenue and NPI was 6.7% and 7.3% lower respectively** compared to 1Q2023
- **Higher finance cost** was driven by higher interest rate in the quarter
- Calculated distribution to Unitholders is 19.8% lower as compared to 1Q2023 mainly due to lower revenue, higher finance cost
- **Calculated DPU of 0.904 cents<sup>(3)</sup>**, translating to an annualized yield of **12.99%<sup>(4)</sup>**

# 1QFY2024 (Quarter-on-Quarter) Summary Results

Quarter-on-Quarter Comparison	1QFY2024	4QFY2023	Variance (%)
Gross revenue (S\$'000)	25,296	25,055	1.0
Net property income (S\$'000)	23,311	22,659	2.9
Finance Cost (S\$'000)	(11,755)	(12,013)	(2.1)
Income tax credit/ (expenses) (S\$'000)	(3,733)	126,787	N/M
Total amount available for distribution (S\$'000)	8,134	6,214	30.9
Amount retained (S\$'000)	(814)	(622)	30.9
Calculated distribution to Unitholders (S\$'000) <sup>(1)</sup>	7,320	5,592	30.9
Applicable number of units for computation of DPU (million)	809.8	809.8	-
<b>Calculated distribution Per Unit (Singapore cents)<sup>(2)</sup></b>	<b>0.904</b>	<b>0.690</b>	<b>31.0</b>

- In **RMB terms** after relevant distribution adjustments, **gross revenue and NPI decrease 5.9%** and **4.7%** respectively during the quarter, mainly due to **discontinuation of China Tobacco leases** in relation to Hengde Logistics Phase I and **lower rental income** from Chongxian Port Logistics
- **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
- Higher amount available for calculated distribution mainly due to lower income tax in 1QFY2024

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

(2) The next distribution to Unitholders will be for the period from 1 January 2024 to 31 December 2024 subject to funding availability

# Balance Sheet

S\$'000	As at 31 March 2024	As at 31 December 2023
Cash and cash equivalents <sup>(1)</sup>	83,891	100,964
Investment Properties <sup>(2)</sup>	808,664	805,629
Total Assets	1,004,997	998,245
Borrowings	553,231	559,079
Total Liabilities	901,391	903,384
Net Assets attributable to Unitholders	103,606	94,861
NAV per unit (S\$)	0.13	0.12

(1) Includes RMB195.1 million (\$36.4 million) cash security deposits received from the master leases and cash deposits of RMB420.1 million (\$78.4 million) placed as collateral for standby letter of credit ("SBLC") issuance. As at 31 March 2024, 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 carrying values of the investment properties, including asset enhancement initiatives, effective rental adjustments and translation differences. The investment properties were pledged as security for the borrowings of ECW and its subsidiaries (collectively, the "Group"). The increase in carrying amount of investment properties was mainly due to the strengthening of RMB against SGD

# Capital Management

## Key Metrics as at 31 March 2024

<b>Aggregate Leverage</b>	<ul style="list-style-type: none"><li>• 57.2%<sup>(1)</sup> (31 December 2023: 58.3%)</li></ul>
<b>1QFY2024 Blended Running Interest Rate<sup>(2)(3)</sup></b>	<ul style="list-style-type: none"><li>• Aggregate – 6.8% p.a.</li><li>• Onshore – 6.1% p.a.</li><li>• Offshore – 7.5% p.a.</li><li>• RCF – 4.93% to 5.36% p.a.</li></ul>
<b>Weighted Average Debt Maturity<sup>(4)</sup></b>	<ul style="list-style-type: none"><li>• 0.70 years</li></ul>
<b>Interest coverage ratio<sup>(5)</sup></b>	<ul style="list-style-type: none"><li>• 2.0x (31 December 2023: 2.11x)</li></ul>

## Existing Bank Loans

- On 30 April 2024, approximately S\$52.4 million was repaid using the cash collaterals for the SBLC and the remaining SBLC loans amounting to approximately S\$20.1 million matured on the date remains outstanding as of the date of this announcement
- The lenders of the Onshore Facility are in the process of obtaining internal approvals on the restructuring of the Onshore Facility
- Due to insufficient funds, ECW is not able to pay the principal and interest expenses due on 30 April 2024 under Offshore Facility. The Manager is still in negotiation with the lenders of Offshore Facility to restructure them
- The Manager has not received any indication from the lenders that they intend to accelerate the existing banks loans under the ECW facilities at this juncture

(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) The blended all-in interest rate of the aggregate facilities for the quarter ended 31 March 2024 was 7.8%

(3) Based on average loans outstanding as at 31 March 2024

(4) Based on the maturity date of 2023 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 71.3%**

## E-Commerce Logistics Assets

Asset	Lease Structure <sup>(1)</sup>	Occupancy <sup>(2)</sup>	Key Highlight
Fu Heng Warehouse	Multi Tenanted	84.5%	Coveted property; supporting e-commerce fulfilment
Fuzhou E-Commerce	MLA/ Novation 98% completed	77.3%	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	34.8%	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	33.7%	Customised environment control warehouse space

## Port Logistics Assets

Asset	Lease Structure	Occupancy	Key Highlight
Chongxian Port Investment	Multi Tenanted	95.6%	River port for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	91.3%	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 March 2024. MLA: Master Leased Agreement

(2) As at 31 March 2024

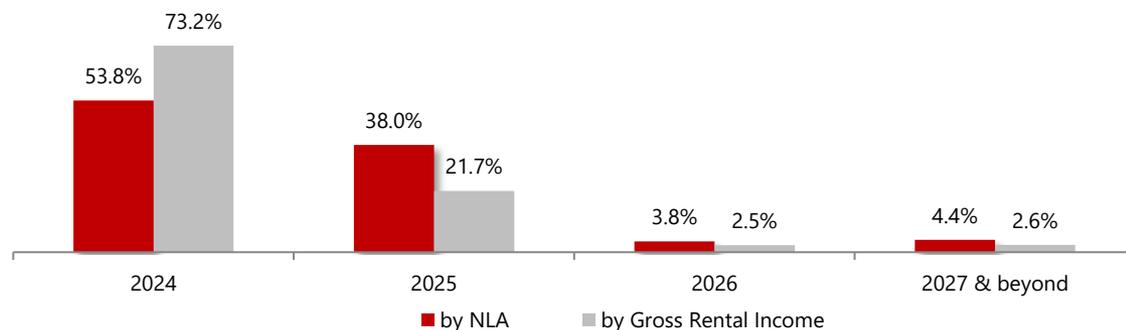
# Quality and Differentiated Asset Portfolio

- ✓ Average portfolio occupancy of **71.3%** as at 31 March 2024
- ✓ Income contribution across all sectors, however collection of rentals from related parties has been seriously delayed

## Lease Expiry Profile of Portfolio <sup>(1)</sup>

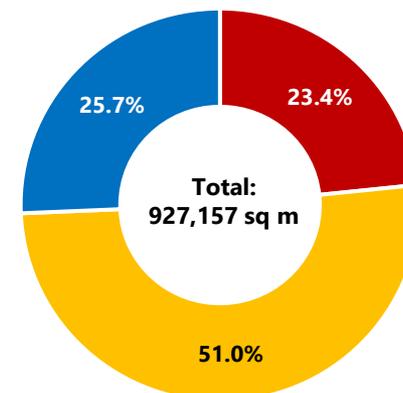
**WALE by NLA: 1.1 years**

**WALE by Gross Rental Income: 1.0 years**

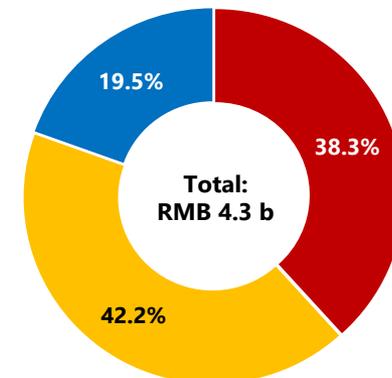


## Portfolio Diversification <sup>(1)</sup>

**By Net Lettable Area**

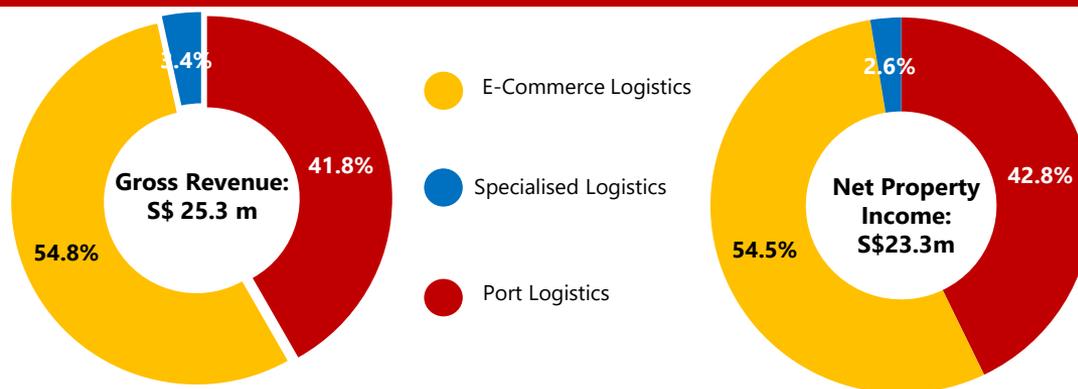


**By Valuation**



● E-Commerce Logistics
 ● Specialised Logistics
 ● Port Logistics

## 1QFY2024 Contribution by segments



(1) As at 31 March 2024



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**Thank You**

