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EC World
运通网城 REIT

2QFY2024 Results Presentation

7 August 2024



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Section A: 2QFY2024 Key Highlights



2QFY2024 Key Highlights



Financials and Distributions

- 2QFY2024 **Gross revenue** and **NPI** were down by **6.0%** and **7.1%** 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 and **higher operating expenses** at the Properties as a result of refund of land use tax in Apr 2023, mitigated partly by organic rental escalations and higher late fee income



Asset Management

- Finance costs** of the quarter were **5.0% lower** y-o-y mainly due to reduction of borrowings and extension fee incurred in 2Q2023, offset by higher interest rate in the quarter
- Calculated 2QFY2024 **DPU of 0.767 cents was 17.2% lower** y-o-y mainly due to lower gross revenue and higher operating expenses
- Occupancy of 80.2%** as at 30 June 2024
- WALE (by gross rental income) of **0.9 year**



Capital and Debt Structure

- All-in running interest rate** for 2QFY2024 of **7.5% p.a.**
- Weighted average debt maturity of **1.17 years**
- The restructuring of the **Onshore Facilities** has been **completed** with the signing of a onshore supplementary agreement



No distribution for 1H2024

- ECW's distribution in relation to the 1H2023 intended to be made on 28 September 2023, had been deferred to a future date when ECW has sufficient free cash for the said distribution.
- There was no distribution for 2H2023 due to insufficient fund
- There will be no distribution for the half-year period from 1 January 2024 to 30 June 2024 ("1H2024").
- 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⁾
- Highly likely that **no distribution for the financial year 2024** will be declared in light of the financial challenges present and ahead.

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



2QFY2024 (Year-on-Year) Summary Results

Year-on-Year Comparison	2QFY2024	2QFY2023	Variance (%)
Gross revenue (S\$'000)	25,937	27,580	(6.0)
Net property income (S\$'000)	23,881	25,716	(7.1)
Finance Cost (S\$'000)	(11,155)	(11,745)	(5.0)
Income tax credit/ (expenses) (S\$'000)	12,537	(5,858)	N/M
Total amount available for distribution (S\$'000) ⁽¹⁾	6,901	8,328	(17.1)
Amount retained (S\$'000) ⁽²⁾	(689)	(833)	(17.3)
Calculated distribution/distribution to Unitholders (S\$'000)	6,212	7,495	(17.1)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution/distribution Per Unit (Singapore cents)⁽³⁾	0.767	0.926	(17.2)

(1) Based on 100% distribution

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

(3) There will be no distribution for the half-year period from 1 January 2024 to 30 June 2024

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

- Gross revenue and NPI **declined 6.0% and 7.1%** y-o-y respectively
- In RMB terms after straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, **gross revenue and NPI was 4.5% and 5.7% lower respectively** compared to 2Q2023. Mainly due to **discontinuation of China Tobacco** leases in relation to Hengde Logistics Phase I, **lower rental income** from Chongxian Port Logistics, and **higher operating expenses** at the Properties as a result of refund of land use tax in Apr 2023, mitigated partly by organic rental escalations, higher late fee income
- **Lower finance cost** due to reduction of borrowings and extension fee incurred in 2Q2023, offset by higher interest rate in the quarter compared to 2Q2023
- **Income tax credit** in 2Q2024 was mainly due to the reversal of **deferred tax expenses of S\$17.6 million** as a result of **fair value loss** on investment properties
- Calculated distribution to Unitholders is 17.1% lower as compared to 2Q2023 mainly due to lower revenue, higher operating expenses
- **Calculated DPU of 0.767 cents⁽³⁾**, translating to an annualized yield of **11.02%⁽⁴⁾**

2QFY2024 (Quarter-on-Quarter) Summary Results

Quarter-on-Quarter Comparison	2QFY2024	1QFY2024	Variance (%)
Gross revenue (S\$'000)	25,937	25,296	2.5%
Net property income (S\$'000)	23,881	23,311	2.4%
Finance Cost (S\$'000)	(11,155)	(11,755)	(5.1)
Income tax credit/ (expenses) (S\$'000)	12,537	(3,733)	N/M
Total amount available for distribution (S\$'000)	6,901	8,134	(15.2)
Amount retained (S\$'000)	(689)	(814)	(15.4)
Calculated distribution to Unitholders (S\$'000) ⁽¹⁾	6,212	7,320	(15.1)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)⁽²⁾	0.767	0.904	(15.2)

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

(2) There will be no distribution for the period from 1 January 2024 to 30 Jun 2024 due to insufficient funds

- **Gross revenue** and **NPI** increased **2.5%** and **2.4%** q-o-q respectively
- In **RMB terms** after relevant distribution adjustments, **gross revenue and NPI increase 2.3%** and **2.2%** respectively, mainly due to higher late fee income and new leases for Hengde Logistics Phase I
- **Income tax credit in 2Q2024** was mainly due to the **reversal of deferred tax expenses of S\$17.6 million** as a result of fair value loss on investment properties
- Lower amount available for calculated distribution mainly due to the reversal of interest income arising from the early release of SBLC deposits upon settlement of revolving credit facilities in April 2024

1HFY2024 Summary Results

Quarter-on-Quarter Comparison	1HFY2024	1HFY2023	Variance (%)
Gross revenue (S\$'000)	51,233	55,714	(8.0)
Net property income (S\$'000)	47,192	51,794	(8.9)
Finance Cost (S\$'000)	(22,910)	(22,844)	0.3
Income tax credit/ (expenses) (S\$'000)	8,804	(12,470)	N/M
Total amount available for distribution (S\$'000)	15,035	18,470	(18.6)
Amount retained (S\$'000)	(1,503)	(1,847)	(18.6)
Calculated distribution to Unitholders (S\$'000) ⁽¹⁾	13,532	16,623	(18.6)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)⁽²⁾	1.671	2.053	(18.6)

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

(2) There will be no distribution for the period from 1 January 2024 to 30 Jun 2024 due to insufficient funds

- **Gross revenue** and **NPI** decreased **8.0%** and **8.9% y-o-y**
- **In RMB terms** after relevant distribution adjustments, **gross revenue and NPI decrease 5.6%** and **6.5% y-o-y** respectively. Mainly due to **discontinuation of China Tobacco** leases in relation to Hengde Logistics Phase I and **lower rental income** from Chongxian Port Logistics and **higher operating expenses** at the Properties as a result of refund of land use tax in Apr 2023, mitigated partly by organic rental escalations, higher late fee income
- **Income tax credit in 1H2023** was mainly due to the **reversal of deferred tax expenses of S\$17.6 million** as a result of fair value loss on investment properties
- Calculated DPU **declined 18.6%** compared to 1H2023 mainly due to **lower revenue** and **higher operating expenses** in 1H2024



Balance Sheet

S\$'000	As at 30 June 2024	As at 31 December 2023
Cash and cash equivalents ⁽¹⁾	26,471	100,964
Investment Properties ⁽²⁾	733,022	805,629
Total Assets	900,870	1,005,280
Borrowings	500,206	559,079
Total Liabilities	851,215	910,419
Net Assets attributable to Unitholders	49,655	94,861
NAV per unit (S\$)	0.06	0.12

(1) Includes cash deposits of RMB121.2 million (S22.7 million) placed as collateral for standby letter of credit ("SBLC") issuance. As at 30 June 2024, cash collaterals for SBLC facilities were placed with Bank of East Asia (China) Limited which have good credit rating

(2) Represents the fair value of the investment properties based on the valuation as at 30 June 2024 conducted by Savills. The investment properties were pledged as security for the borrowings of ECW and its subsidiaries (collectively, the "Group"). The decrease in carrying value of the investment properties was mainly due to fair value loss. In RMB terms, the valuation as at 30 June 2024 was 9.5% lower at RMB3,922 million compared to the valuation of RMB4,336 million as at 31 December 2023

Capital Management

Key Metrics as at 30 June 2024

Aggregate Leverage	<ul style="list-style-type: none">• 57.9%⁽¹⁾ (31 December 2023: 57.9%)
1HFY2024 Blended Running Interest Rate⁽²⁾⁽³⁾	<ul style="list-style-type: none">• Aggregate – 7.1% p.a.• Onshore – 6.1% p.a.• Offshore – 7.6% p.a.• RCF – 4.93% to 11.75% p.a.
Weighted Average Debt Maturity⁽⁴⁾	<ul style="list-style-type: none">• 1.17 years
Interest coverage ratio⁽⁵⁾	<ul style="list-style-type: none">• 2.0x (31 December 2023: 2.11x)

Existing Bank Loans

- On 30 April 2024, approximately S\$52.4 million was repaid using the cash collaterals for the SBLC. On 1 August 2024, the outstanding sum of revolving credit facilities of S\$20.1 million was paid using short term advance from an onshore SBLC issuer and subsequently will be settled using onshore cash collateral
- The restructuring of the Onshore Facilities has been completed with the signing of a supplementary agreement on 16 July 2024 between the EC World REIT group and the Onshore Lenders.
- Received Pre-enforcement Notice from Offshore lenders, the Pre-enforcement Notice allows up to 31 May 2025 for the Group to divest its assets in such amount sufficient to repay the Offshore Facility.
- ECW has onshore bank loans of RMB722.5 million (\$135.0 million) including non-current liability of RMB38.5 million (\$7.2 million)⁽⁶⁾ and offshore bank loans of SGD347.3 million outstanding
- The Group has not received any notice of enforcement action. The Manager is actively working with the lenders of the Offshore Facility and KPMG to fulfil conditions under the Pre-enforcement Notice

(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 running interest rate of the aggregate facilities for the quarter ended 30 June 2024 was 7.5% p.a.

(3) Based on average loans outstanding as at 30 June 2024

(4) Based on the maturity dates, the Onshore facility will mature on 30 April 2026, Offshore facility is assumed to be matured on 31 May 2025 according to the Pre-Enforcement Notice

(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

(6) ICBC had signed a withdrawal letter from the Onshore Facility with effect from 20 June 2024



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Section C: Portfolio Update



Existing Portfolio

Average Committed Occupancy of 80.2%

E-Commerce Logistics Assets

Asset	Lease Structure ⁽¹⁾	Committed Occupancy	Key Highlight
Fu Heng Warehouse	MLA/ Novation completed	78.1%	Coveted property; supporting e-commerce fulfilment
Fuzhou E-Commerce	MLA/ Novation completed	70.8%	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%	An integrated e-commerce logistic asset
Wuhan Meiluote	Multi Tenanted	33.8%	First acquisition in 2018. Houses mainly e-commerce players Heavy competition at Wuhan market currently

Specialized Logistics Asset

Asset	Lease Structure	Committed Occupancy	Key Highlight
Hengde Logistics	Multi Tenanted	76.2%	Customised environment control warehouse space

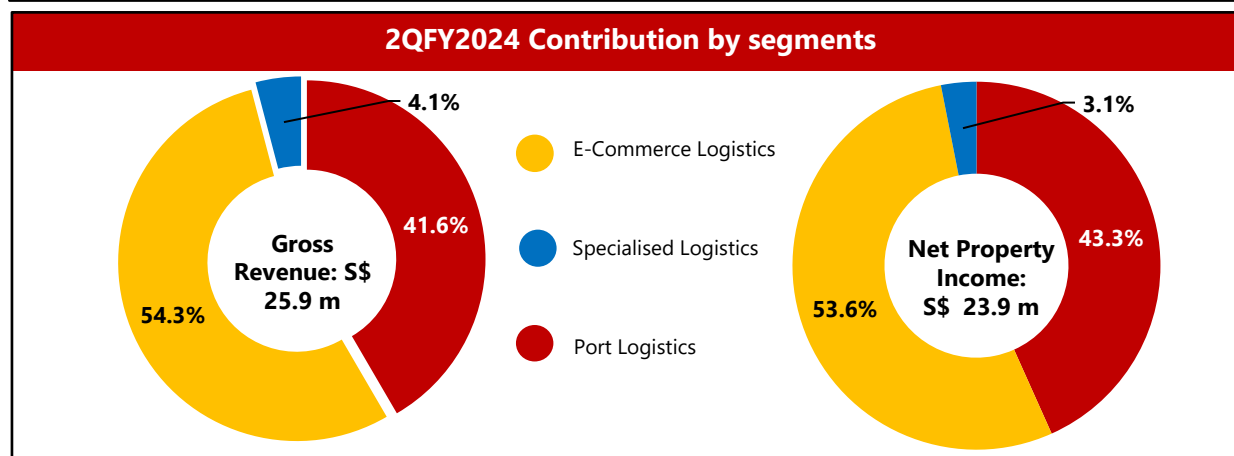
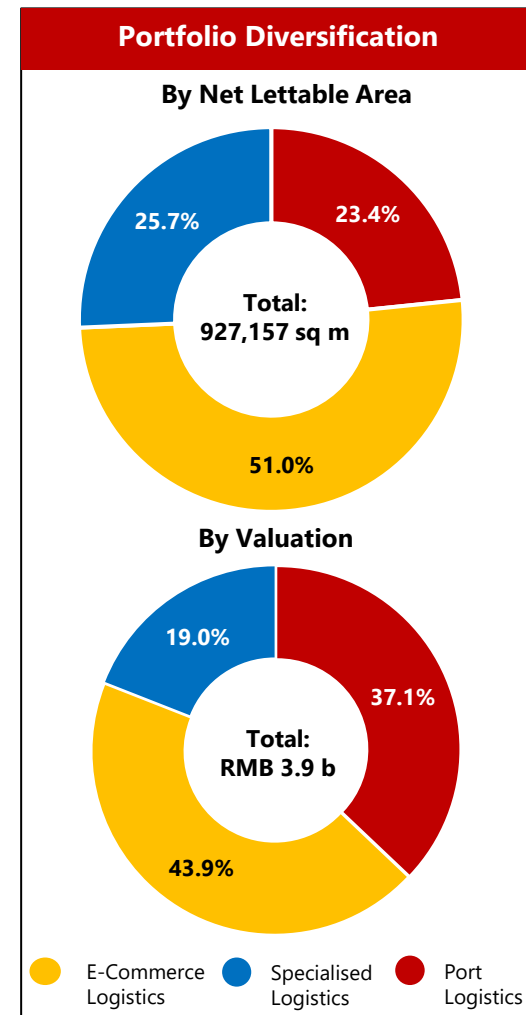
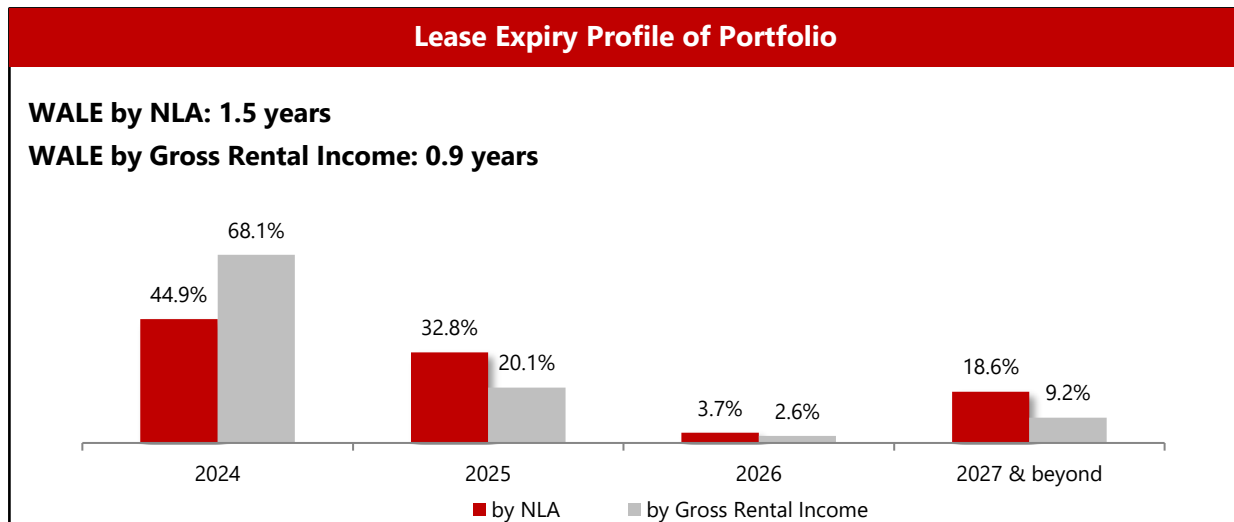
Port Logistics Assets

Asset	Lease Structure	Committed Occupancy	Key Highlight
Chongxian Port Investment	MLA/ Novation completed	95.6%	River port for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	92.9%	An integrated complex of with warehouses and office building

(1) As at 30 June 2024. MLA: Master Leased Agreement; Negotiation on Master Settlement Agreement with the Sponsor Group is pending

Quality and Differentiated Asset Portfolio

- ✓ Average committed occupancy of **80.2%** as at 30 June 2024
- ✓ Completed novation process on 30 June 2024 to take over underlying leases from master lessees





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Thank You

