EC World
运 通 网 城 REIT

3QFY2024 Results Presentation

12 November 2024

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Agenda

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Section A: 3QFY2024 Key Highlights

3QFY2024 Key Highlights

Financials and Distributions

Asset Management

- 3QFY2024 **Gross revenue** and **NPI** were down by **7.1%** and **7.8%** 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 **expiry of MLA** in Aug 2024 for Fuzhou E-Commerce, mitigated partly by organic rental escalations and higher late fee income
- **Finance costs** of the quarter were **22.3% higher** y-o-y mainly due to higher interest rate for offshore facilities in the quarter and additional finance cost incurred for the settlement of short-term advance from an onshore SBLC issuer
- Calculated 3QFY2024 **DPU of 0.401 cents** was **56.2% lower** y-o-y mainly due to lower revenue and higher finance cost
- **Occupancy of 84.1%** as at 30 September 2024
- WALE (by gross rental income) of **0.7 year**

Capital and Debt Structure

- **All-in running interest rate** for 3QFY2024 of **9.5% p.a.**
- Weighted average debt maturity of **0.92 years**

No distribution for 2H2024

- Distribution for 1H2023 was initially scheduled for 28 September 2023 but has been deferred to a future date when there is sufficient free cash.
- There was no distribution for 2H2023 due to insufficient fund
- There was no distribution for 1H2024 due to insufficient fund
- 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)
- Hence, there will be no distribution for 2H2024

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




3QFY2024 (Year-on-Year) Summary Results

Year-on-Year Comparison	3QFY2024	3QFY2023	Variance (%)
Gross revenue (S$'000)	25,081	27,001	(7.1)
Net property income (S$'000)	22,807	24,748	(7.8)
Finance Cost (S$'000)	(14,375)	(11,758)	22.3
Income tax expenses (S$'000)	(4,513)	(5,463)	(17.4)
Total amount available for distribution (S$'000)(1)	3,611	8,239	(56.2)
Amount retained (S$'000)(2)	(361)	(823)	(56.1)
Calculated distribution to Unitholders (S$'000)	3,249	7,416	(56.2)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution/distribution Per Unit (Singapore cents)(3)	**0.401**	**0.916**	**(56.2)**

- Gross revenue and NPI **declined 7.1% and 7.8%** 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 **6.9% and 7.7% lower respectively** compared to 3Q2023. Mainly due to **discontinuation of China Tobacco** leases in relation to Hengde Logistics Phase I, **lower rental income** from Chongxian Port Logistics, and **expiry of MLA** in Aug 2024 for Fuzhou E-Commerce, mitigated partly by organic rental escalations, higher late fee income
- **Higher finance cost** due to **higher interest rate** for offshore facilities in the quarter and additional finance cost incurred for the settlement of short-term advance from an onshore SBLC issuer
- Calculated distribution to Unitholders is 56.2% lower as compared to 3Q2023 mainly due to lower revenue and higher finance cost
- **Calculated DPU of 0.401 cents**(3), translating to an annualized yield of **5.7%**(4)

(1) Based on 100% distribution
(2) Retention of total amount available for distribution in 3QFY2024 for general working capital purpose
(3) There will be no distribution for 2H2024
(4) Based on the share price of $0.28 per unit as at 28 August 2023

3QFY2024 (Quarter-on-Quarter) Summary Results

Quarter-on-Quarter Comparison	3QFY2024	2QFY2024	Variance (%)
Gross revenue (S$'000)	25,081	25,937	(3.3%)
Net property income (S$'000)	22,807	23,881	(4.5%)
Finance Cost (S$'000)	(14,375)	(11,155)	28.9
Income tax (expenses)/ credit (S$'000)	(4,513)	12,537	N/M
Total amount available for distribution (S$'000)	3,611	6,901	(47.7)
Amount retained (S$'000)	(361)	(689)	(47.6)
Calculated distribution to Unitholders (S$'000)(1)	3,249	6,212	(47.7)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)(2)	**0.401**	**0.767**	**(47.7)**

(1) 10% of total amount available for distribution for the quarter was retained
(2) There will be no distribution for 2H2024

- **Gross revenue** and **NPI decreased 3.3%** and **4.5%** q-o-q respectively
- In **RMB terms** after relevant distribution adjustments, **gross revenue and NPI decreased 2.0%** and **3.2%** respectively, mainly due to expiry of MLA in Aug 2024 for Fuzhou E-Commerce and higher operating expenses q-o-q
- **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 **lower revenue** and **higher finance cost** led by higher interest rate of offshore facilities in the quarter and additional finance cost incurred for the settlement of short-term advance from an onshore SBLC issuer

9MFY2024 Summary Results

Year-on-Year Comparison	9MFY2024	9MFY2023	Variance (%)
Gross revenue (S$'000)	76,314	82,715	(7.7)
Net property income (S$'000)	69,999	76,542	(8.5)
Finance Cost (S$'000)	(37,285)	(34,602)	7.8
Income tax credit/ (expenses) (S$'000)	4,291	(17,933)	N/M
Total amount available for distribution (S$'000)	18,646	26,709	(30.2)
Amount retained (S$'000)	(1,865)	(2,670)	(30.1)
Calculated distribution to Unitholders (S$'000)[1]	16,781	24,039	(30.2)
Applicable number of units for computation of DPU (million)	809.8	809.8	-
Calculated distribution Per Unit (Singapore cents)[2]	**2.072**	**2.969**	**(30.2)**

(1) 10% of total amount available for distribution for the quarter was retained
(2) There was no distribution for 1H2024 due to insufficient funds. There will be no distribution for 2H2024

- **Gross revenue** and **NPI** decreased **7.7%** and **8.5% y-o-y**
- **In RMB terms**, after straight-lining of step-up rental, security deposit accretion and other relevant distribution adjustments, **gross revenue and NPI decrease 6.0%** and **6.9% 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 **expiry of MLA** in Aug 24 for Fuzhou E-Commerce, 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 9MFY2024** was mainly due to the **reversal of deferred tax expenses** as a result of fair value loss on investment properties
- Calculated DPU **declined 30.2%** compared to 9MFY2023 mainly due to **lower revenue** and **higher finance cost in current period**

Balance Sheet

S$'000	As at 30 September 2024	As at 31 December 2023
Cash and cash equivalents[1]	4,442	100,964
Investment Properties[2]	716,065	805,629
Total Assets	877,453	1,005,280
Borrowings	464,489	559,079
Total Liabilities	830,273	910,419
Net Assets attributable to Unitholders	47,180	94,861
NAV per unit (S$)	0.06	0.12

(1) Decrease in cash and cash equivalent were mainly due to the settlement of revolving credit facilities using onshore cash deposits placed as collateral for standby letter of credit ("SBLC") issuance. As at 30 September 2024, all cash deposits placed as collaterals for SBLC were released for the repayment of revolving credit facilities

(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. The decrease in carrying amount of investment properties was mainly due to weakening of RMB against SGD. The carrying values of the Group's investment properties as of 30 September 2024 were based on the independent valuations as at 30 June 2024 conducted by Savills Real Estate Valuation (Guangzhou) Ltd- Shanghai Branch

Capital Management

Key Metrics as at 30 September 2024

Aggregate Leverage	• 56.1%[1] (31 December 2023: 57.9%)
9MFY2024 Blended Running Interest Rate[2][3]	• Aggregate – 7.9% p.a. • Onshore – 6.0% p.a. • Offshore – 8.7% p.a. • All revolving credit facilities have been fully repaid using the cash collaterals for the SBLC.
Weighted Average Debt Maturity[4]	• 0.92 years
Interest coverage ratio[5]	• 1.91x (31 December 2023: 2.11x)

Existing Bank Loans

- On 30 September 2024, all cash deposits placed as collaterals for SBLC were released for the repayment of revolving credit facilities
- 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 the existing Onshore Facility refinanced in full with an aggregate outstanding principal amount of to RMB722.5 million (S$131.9 million) including non-current liability of RMB38.5 million (S$7.0 million)[6] and offshore bank loans of SGD341.4 million outstanding
- The Manager has not received any indication from the lenders that they intend to accelerate the existing banks loans under the ECW facilities. The Manager is in active negotiations with the lenders of the Offshore Facility on a possible refinancing package and is optimistic that a favorable outcome would be achieved

(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 September 2024 was 9.5% p.a.
(3) Based on average loans outstanding as at 30 September 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 84.1%

E-Commerce Logistics Assets

Asset	Lease Structure [1]	Committed Occupancy	Key Highlight
Fu Heng Warehouse	MLA/ Novation completed	71.6%	Coveted property; supporting e-commerce fulfilment
Fuzhou E-Commerce	MLA/ Novation completed	71.6%	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	46.7%	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	89.7%	Customised environment control warehouse space

Port Logistics Assets

Asset	Lease Structure	Committed Occupancy	Key Highlight
Chongxian Port Investment	MLA/ Novation completed	93.9%	River port for steel products in Hangzhou
Chongxian Port Logistics	Multi Tenanted	95.9%	An integrated complex of with warehouses and office building

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

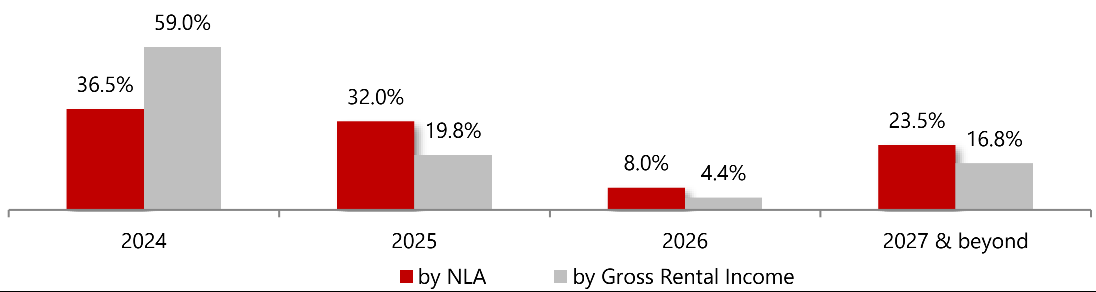
Quality and Differentiated Asset Portfolio

☑ Average committed occupancy of **84.1%** as at 30 September 2024

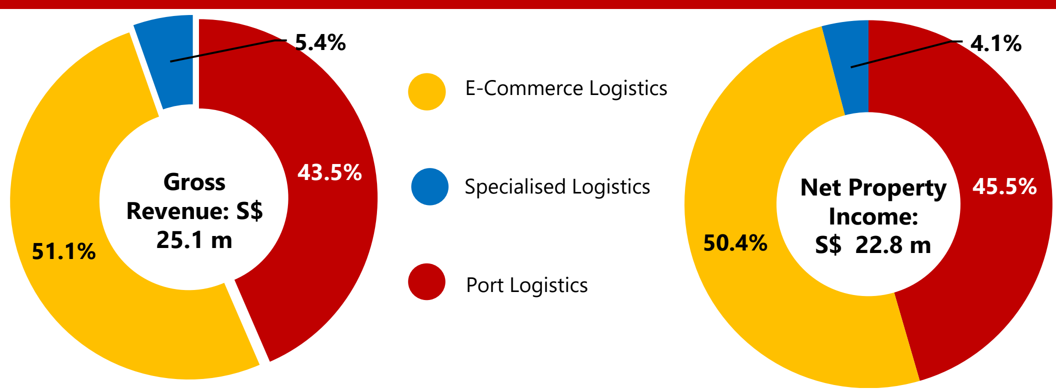
Lease Expiry Profile of Portfolio

WALE by NLA: 1.6 years

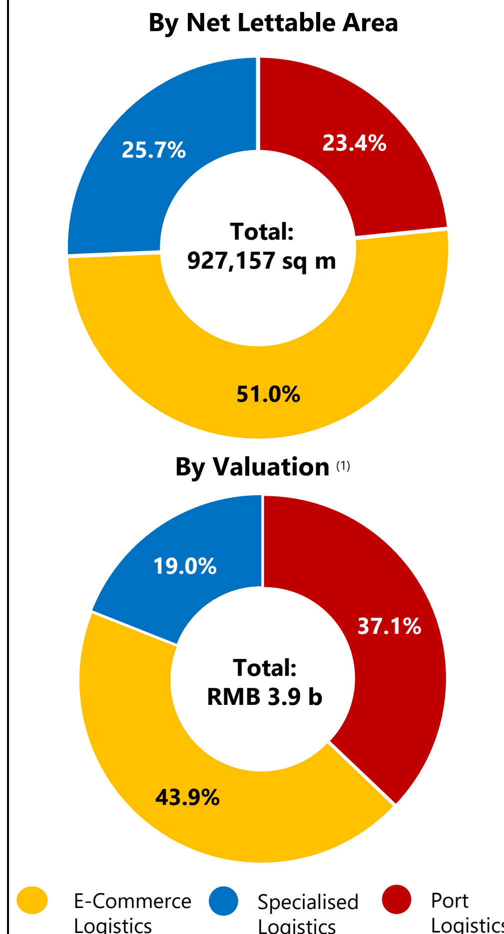
WALE by Gross Rental Income: 0.7 years



3QFY2024 Contribution by segments



Portfolio Diversification



(1) The investment properties were revalued on 30 June 2024 by Savills Real Estate Valuation (Guangzhou) Ltd - Shanghai Branch

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Thank You