

ECO WORLD INTERNATIONAL BHD

9TH ANNUAL GENERAL MEETING

HOME PRICES

House price changes in 2022



Source:

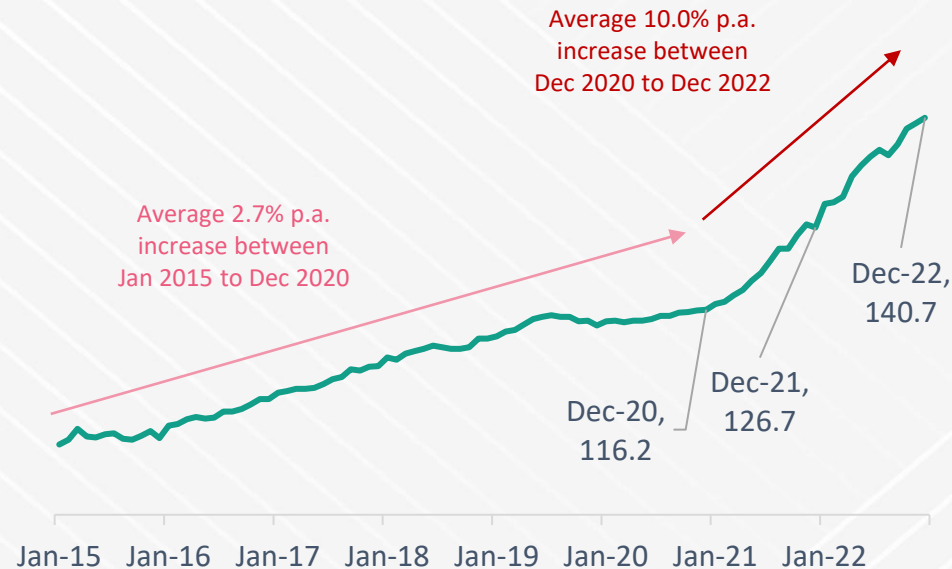
1) UK Office For National Statistics

2) CoreLogic

- House prices in London improved 6.7% in 2022, reflecting the strong demand for housing and shortage of good-quality homes in the city.
- Successive hikes of interest rates dampened house prices in Australia. House prices in Sydney and Melbourne dropped between 8% to 12% in 2022. Despite the drop, prices are still higher than pre-covid levels² due to the sharp increases of 15-25% recorded in 2021.

UK CONSTRUCTION SECTOR

UK construction output price index for new housing (2015 =100)

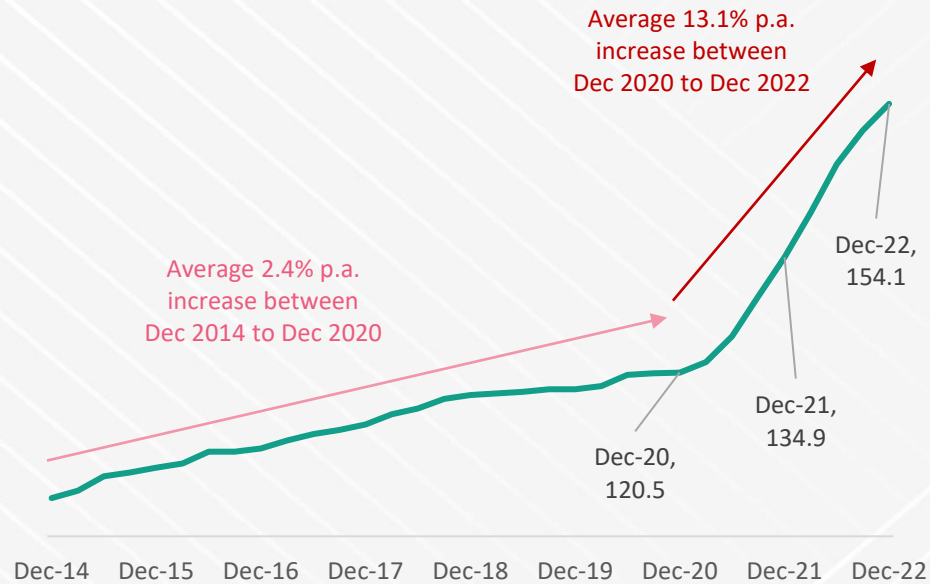


Source: UK Office For National Statistics

- UK construction cost for new housing rose 21% between Dec 2020 and Dec 2022, outpacing the 10% increase in London house prices and 4% increase in London rental rates in the same period
- Higher costs of living and interest rates cap the ability of real estate developers to pass on the higher costs to homebuyers

AUSTRALIA CONSTRUCTION SECTOR

Australia input price to house construction index (Dec 2011 =100)



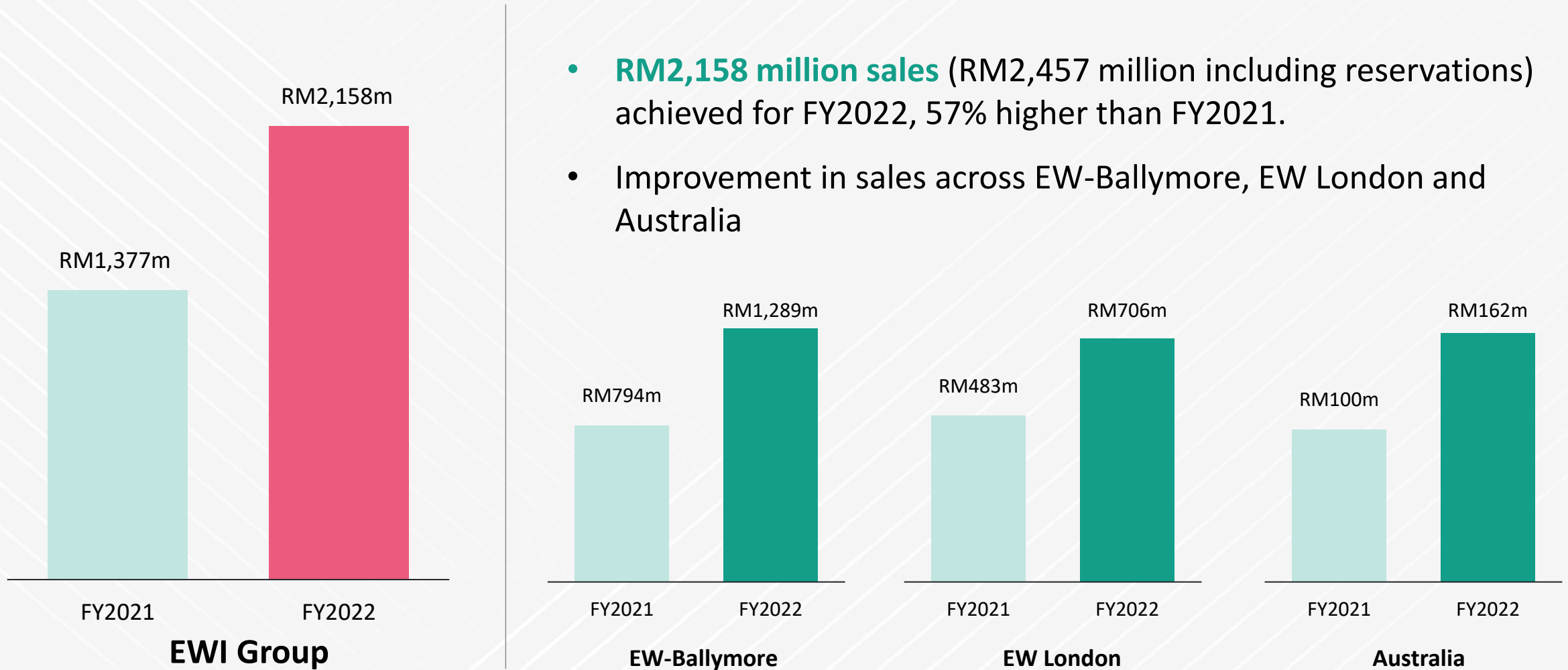
Source: Australian Bureau of Statistics

- Construction cost for housing in Australia rose 28% between Dec 2020 and Dec 2022, higher than the 16% increase in house prices during this period.
- Successive rounds of interest rate hikes and rising cost of livings have dampened homebuyers' sentiment

MONETISING UNSOLD STOCKS

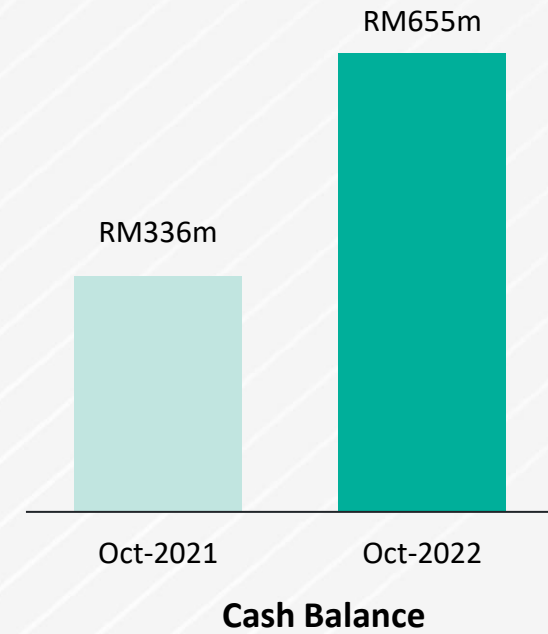
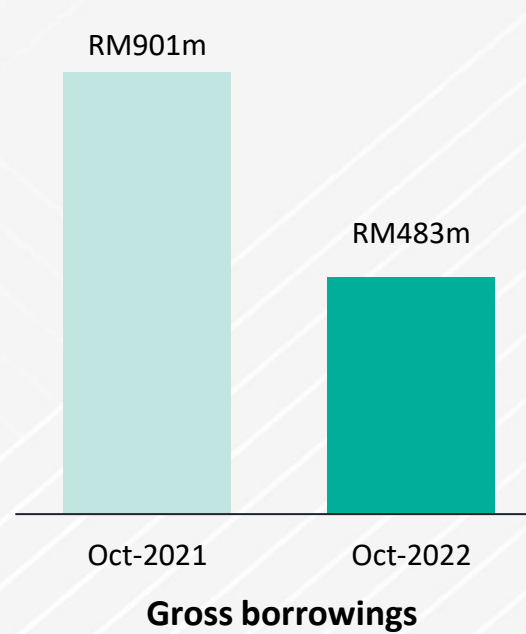
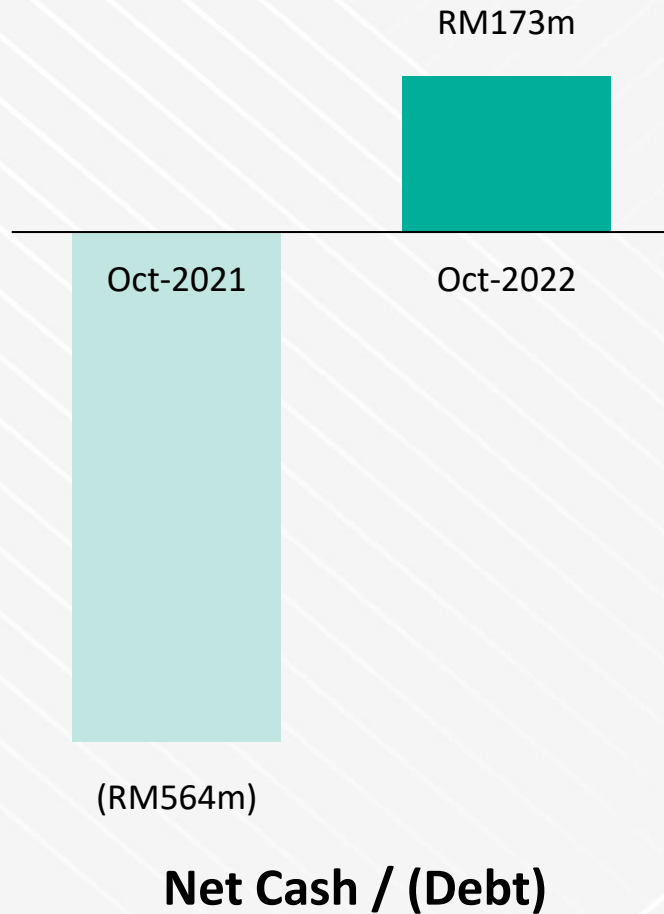
- Against the backdrop of rising construction costs and soft market conditions, the focus for FY2022 was on monetising our completed stocks for cash generation.
- Attractive incentive packages were given to attract purchasers.
- Our strategy enabled EW-Ballymore to fully repay its bank loans in 2022 and repay RM662 million shareholder loans to EWI.

SALES PERFORMANCE



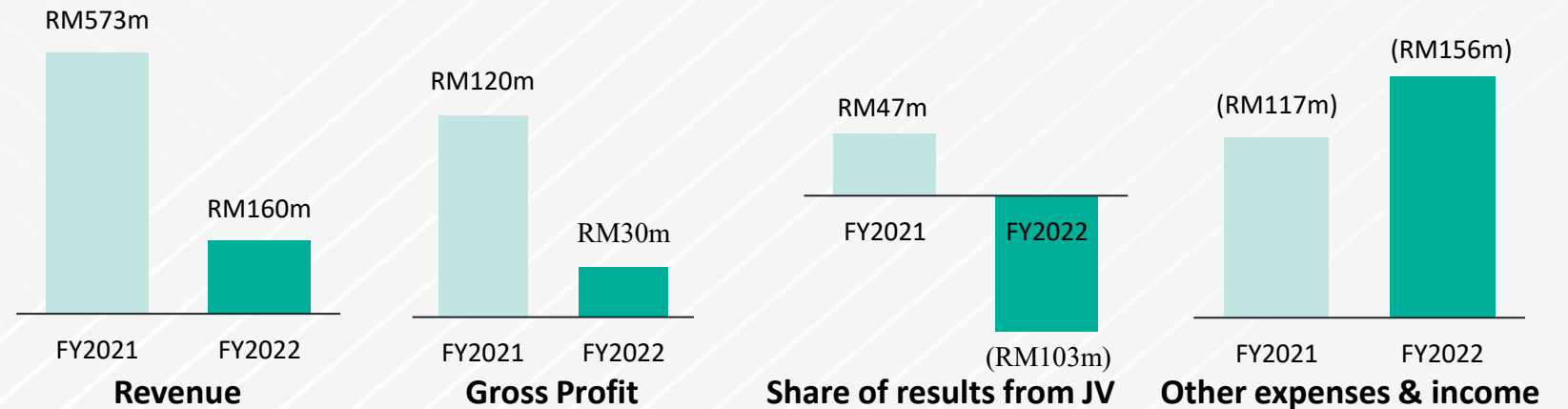
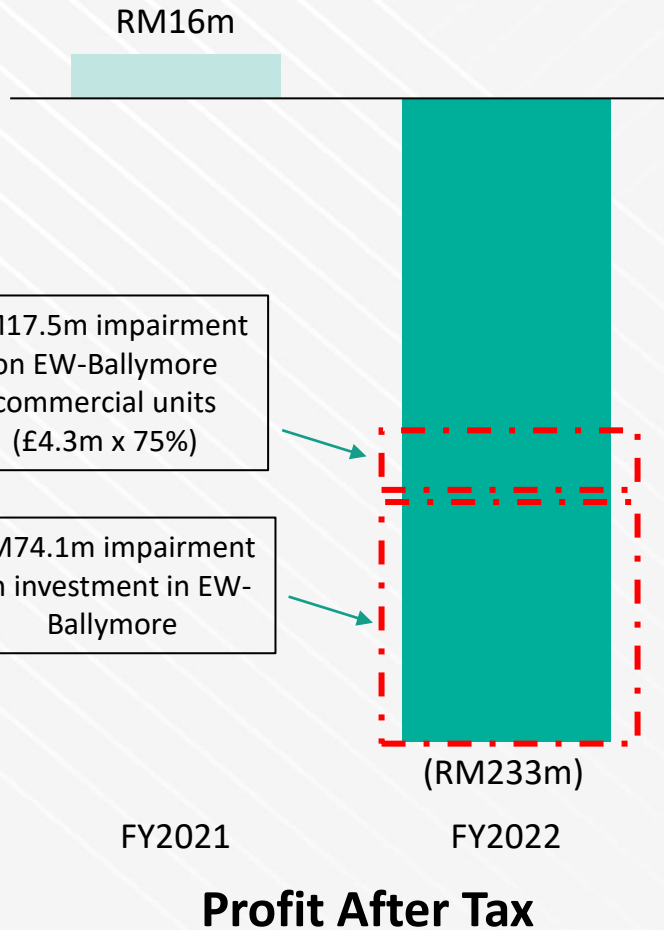
EWI GROUP BALANCE SHEET

- Turned into net cash position earlier than anticipated. Achieved net cash of RM173 million as at 31 Oct 2022
- Sufficient funds have been set aside **to fully repay MTN of RM450 million** by mid-FY2023

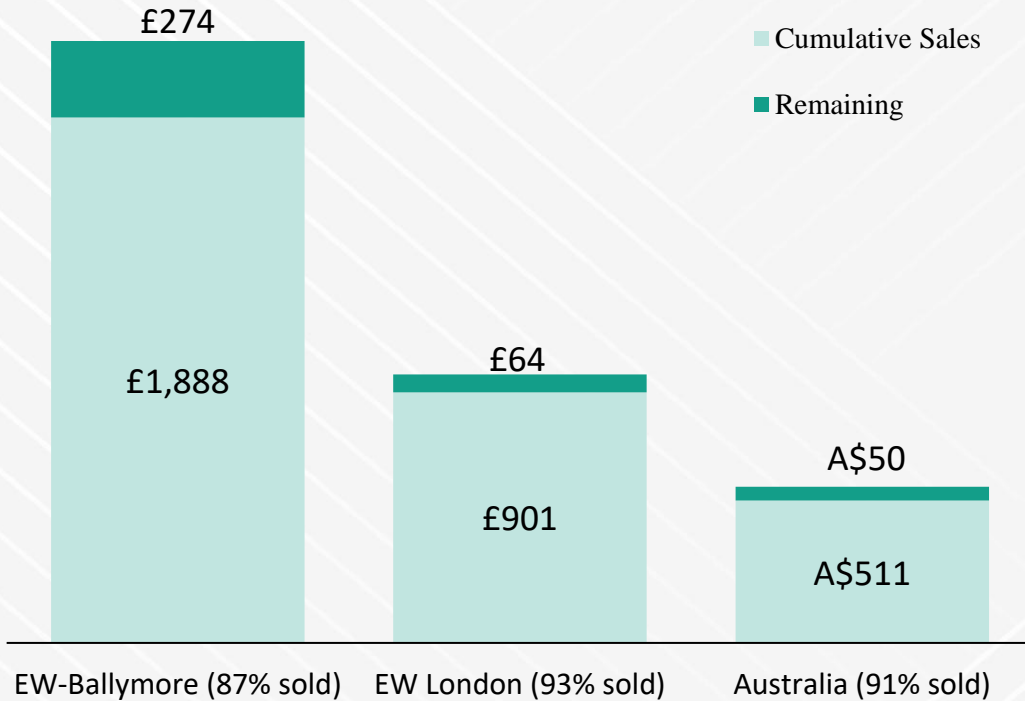


EWI GROUP PROFIT & LOSS

- Operational losses in FY2022 despite better sales due to prolongation of development programmes and higher construction costs arising from Covid pandemic & weak sterling, and increased holding costs for unsold units.
- Recognised impairment of RM92m as a result of increase in discount rates and higher yield for valuation of commercial properties in EW-Ballymore. UK risk-free rate increased more than 200 basis points in FY2022.
- Impairment on investment in EW-Ballymore can be reversed in later years if project profitability and cashflows are maintained or improves.



STRATEGIC FOCUS FOR FY2023



Cumulative Sales & Remaining Launched GDV (in million)

- **Sales target of RM1.4 billion for FY2023** - no new launches, most of the remaining units are completed
- Project development loans of EW-Ballymore & Australia fully paid down. Future sales to generate significant net cashflows for EWI
- Target to generate approximately RM900 million surplus cash in FY2023 after setting aside funds for EcoWorld London and MTN repayment
- The Group is committed to distribute surplus cash to EWI shareholders after obtaining necessary regulatory and shareholders' approvals
- Remaining business at EcoWorld London:
 - 3 ongoing projects (Kew, Oxbow, New Road Triangle) & 3 yet to be launched (Woking, Tesco Barking, Tulse Hill)

CONCLUSION

- FY2022 sales of RM2.16 billion exceeded target of RM2 billion.
- Losses reported due to higher operating costs and impairments.
- Current market conditions are not conducive for new launches and making significant investments & land acquisitions.
- Sales target of RM1.4 billion for FY2023 & target to generate RM900 million surplus cash in FY2023 after setting aside funds for EcoWorld London and MTN repayment.
- Target to distribute surplus cash to EWI shareholders in late-2023.

QUESTIONS FROM MSWG

- 1) The Board of Eco World International has set a sales target of RM1.4 billion for FY2023 with the intention of selling most of the completed units by October 2023. (Page 26 of IAR)
 - a) Please provide a breakdown of the sales target of RM1.4 billion by region, location, and value of the property projects respectively.
 - b) What is the value and number of units of completed properties that remain unsold in UK and Australia respectively as of FY 2022?

QUESTIONS FROM MSWG

- 2) The Group's inventory of completed properties stood at RM114.4 million in FY 2022 as compared to RM250.4 million in FY 2021, a reduction of RM136 million or 54.3%. (Page 117 of IAR)
- a) What is the value and location of the completed properties remaining unsold for more than 2 years that are included in the RM114.4 million inventory?
 - b) What is the value of completed properties that the Group expects to sell in FY 2023 from the inventory of RM114.4 million?

QUESTIONS FROM MSWG

- c) How many units (and value) have been sold from the inventory of completed properties, for the UK and Australia properties respectively, from the last financial year till the end of February 2023?

- d) What are the marketing strategies that the Group will undertake to clear the inventory of completed properties by FY 2023?

QUESTIONS FROM MSWG

- 3) As at 28 February 2022, West Village and Yarra One have sold 94% and 72% of the available completed properties units respectively. The Group has targeted to sell the remaining stocks by FY2022. (Minutes of 8th AGM).
- a) How many units and value of completed properties of West Village and Yarra One respectively in Australia that have been sold in FY 2022?
 - b) What are the remaining units (and value) of completed properties that remained unsold in West Village and Yarra One as of FY 2022?

QUESTIONS FROM MSWG

- c) What were the challenges faced by the Group in selling the completed properties in West Village and Yarra One in FY 2022?
- d) When is the Group expected to sell the remaining properties located in West Village and Yarra One?

QUESTIONS FROM MSWG

- 4) The Group's share of loss and total comprehensive loss in the statement of profit or loss and other comprehensive income for EW Ballymore, Be EW Investment and EW London DMCo were RM47.8 million, RM46.4 million and RM8.74 million respectively in FY 2022 as compared to the share of profit and total comprehensive gain of RM 37.8 million, RM 9.1 million and RM 0.3 million respectively in FY 2021. (Pages 114 and 115 of IAR)
- a) What were the reasons for the high share of losses in EW Ballymore, Be EW Investment and EW DMCo respectively in FY 2022?
- b) What is the outlook of EW Ballymore, Be EW International and EW London DMCo. for FY 2023?

QUESTIONS FROM MSWG

- 5) The Group's property projects are in UK and Australia. Does the Group have any plans to venture into other countries? If yes, please name the countries and the reasons for expansion into these countries.

Additional questions received after | *Capital Repayment* Q&A session

1) How does EcoWorld International recognise sales?

Response: Our sales are recognised upon signing of sales and purchase agreements.

2) How much are the corporate overhead costs and whether there is a plan to acquire the remaining stakes in JVs not currently owned by EcoWorld International?

Response: Please refer to our quarterly financial results for the admin and overhead expenses. As regards acquisition of the stakes in JVs that we do not currently own, there is no plan to acquire these stakes at this juncture.

3) Can you explain more about JV accounting treatment?

Response: The Group accounts its share of the net results our UK joint ventures (EcoWorld-Ballymore & entities under EcoWorld London) as a single-line item within the Profit or Loss Statement instead of consolidating all items of the joint venture's entire Profit or Loss Statement. This is because the joint ventures are treated as jointly-controlled entities.

Additional questions received after Q&A session

4) Does the plan to distribute excess cash to shareholders requires shareholders' approval?

Response: We are working with advisers on the proposal and further details which includes the requirement to seek shareholders' approval will be announced once it is finalised and approved by the board

5) With regards to the RM939 million amount owed by joint ventures under non-current assets in the latest quarterly results, is the amount cash or an estimation of an asset's value?

Response: The amount owing by joint ventures was derived based on the actual cash that the Group has advanced to the joint ventures up to balance sheet date.

THANK YOU