

Unrated

Current Price	S\$0.765
Fair Value	n.a.
Up / (downside)	n.a.

Stock Statistics

Market cap	S\$595.6m
52-low	S\$0.725
52-high	S\$0.815
Avg daily vol	235,086
No of share	778.5m
Free float	24.2%

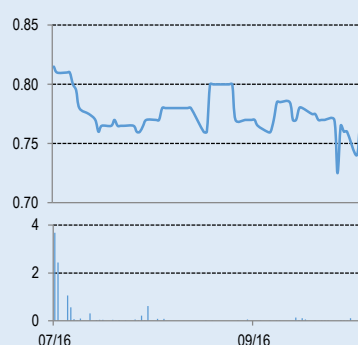
Key Indicators

ROE 17F	2.8%
ROA 17F	5.3%
P/BV	0.80
Net gearing	37.5%

Major Shareholders

Forchn Investments	44.9%
Sunkits Resources	12.2%

Historical Chart



Source: Bloomberg

Liu Jinshu

(+65) 6236-6887
jinshu.liu@nracapital.com
www.nracapital.com

In a Closely Watched Growth Space

- **Offers mix of both growth and income.** Recent buzz over logistic property companies brought our attention to EC World REIT which held a results briefing on 28 October. EC World mainly invests in e-commerce, supply-chain management and logistics properties in the PRC. For the two-month period 28 July to 30 September, EC World will be paying out 100% of income available for distribution of 0.991 cents per unit, translating to an annualized distribution of 5.58 cents or 7.3% yield over a unit price of S\$0.765. Growth will be driven mainly by the acquisition of new properties given the REIT's low gearing and its acquisition pipeline.
- **Portfolio Summary.** EC World's portfolio has a total six properties with net leasable area (NLA) of about 0.7m sq m, roughly split evenly among port, specialised and e-commerce logistics properties. The end-tenant occupancy across its portfolio was about 94.4% as of 30 June 2016. The independent valuation as of 31 December 2015 is RMB6.36 billion (S\$1.31 billion) or S\$1,876 per sq. m. (S\$174.3 psf) for an average tenure of approximately 40 years and a WALE by NLA of 4.1 years as of 31 December 2015.
- **E-commerce REIT vehicle of sponsor.** EC World's Sponsor Forchn Holdings Group Co., Ltd is an established real estate, logistics and finance group with revenue of RMB2.95 billion in 2015. It has developed an integrated smart warehousing and third-party logistics services platform known as Ruyicang “如意仓” aimed at meeting the supply chain needs of e-commerce companies. Ruyicang is already available in six cities in China, while EC World's assets are mainly in Hangzhou. Hence, there is scope for EC World to expand into other PRC cities with the support of its Sponsor as the Master Lessee and operator of newly acquired assets.
- **Accelerating the pace of acquisitions.** EC World is currently exploring/evaluating whether to acquire a potentially yield-accretive asset located in the PRC from an unrelated third party. With aggregate gearing of 28.1%, EC World has about S\$400m of debt headroom for future acquisitions. Two other pipeline assets will be completed in January 2017 (215,643 sq m) and December 2017 (100,777 sq m). Most likely, EC World will acquire these two assets after occupancy has stabilized, suggesting that EC World's portfolio NLA may grow by at least 45% over the next two years.
- **Diminished FX risk.** We were initially concerned if FX rate volatility may affect yields. This risk is now lower as the RMB has appreciated against the SGD since July this year. Moreover, the SGD may continue to weaken given the slower economic growth in Singapore whose GDP grew by only 0.6% in 3Q 2016 versus 6.7% in China. Assuming roughly 3% to 5% growth in distributable income, EC World's yield may rise to 7.5% to 7.7% for FY17. For now, we do not assign any rating, pending further research.

Key Financial Data (S\$ m, FYE Dec)	Forecast	Projection	Actual	Forecast
	Period 1 Jun 2016 to 31 Dec 2016	Year 2017 (1 Jan 2017 to 31 Dec 2017)	28 Jul to 30 Sep 2016	28 Jul to 30 Sep 2016
Gross Revenue	53.6	90.5	16.4	16.3
Net Property Income	48.7	82.0	15.0	14.8
Total Return after Tax	20.9	39.6	15.0	4.1
Income Available for Distribution	26.0	46.5	7.7	7.9
Growth	NM	NM	NM	NM
P/BV (x)	NA	NA	0.80	NA
NAV/share (cents)	NA	NA	0.96	NA
DPU (cents)	3.34	5.94	0.99	1.02
Div Yield (%)	8.7	7.8	7.3	7.5

Source: NRA Capital

Figure 1: Portfolio Properties Overview

Strategically Constructed Portfolio Offering Income Stability and Good Growth Potential

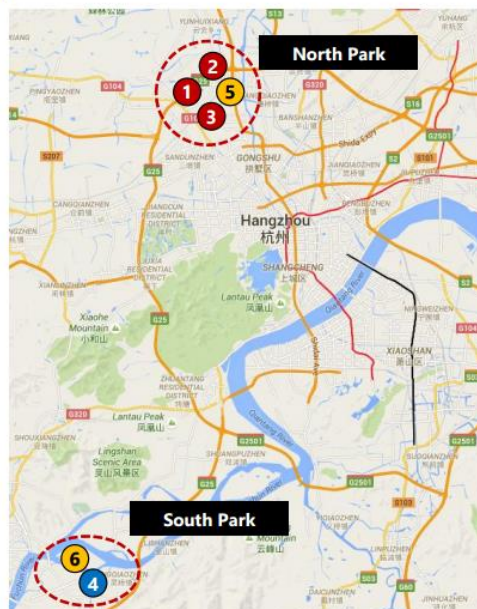
1 Chongxian Port Investment



2 Chongxian Port Logistics



3 Fu Zhuo Industrial



4 Hengde Logistics



5 Stage 1 Properties of Bei Gang Logistics



6 Fu Heng Warehouse



- Quality river port and ancillary port logistics assets provide income stability to the portfolio
- Limited competition for specialised logistics asset with high specification in the Zhejiang region
- Differentiated e-commerce logistics assets situated in Hangzhou, the prime e-commerce hub of China

● Port Logistics ● Specialised Logistics ● E-Commerce Logistics



Source: REIT Presentation Slides 28 October 2016

Figure 2: Key Portfolio Statistics

Property	Type	NLA (sq m)	Lease Type	End-Tenant Occupancy Rate	Independent Valuation (RMB m)	Master Lease Amt	Rental Escalation
Chongxian Port Investment	Port logistics	112,726	Master leased	100%	2,092	RMB11.4m/mth	6% in FY17
Chongxian Port Logistics	Port logistics	125,856	Multi-tenanted (58 tenants)	100%	853	NA	5% to 10% /yr
Fu Zhuo Industrial	Port logistics	7,128	Multi-tenanted (2 tenants)	100%	107	NA	7.5% every 3 yrs for one lease
Stage 1 Properties of Bei Gang Logistics	E-commerce logistics	120,449	Master leased	100%	1,460	RMB10.3m/mth	1% in FY17
Fu Heng Warehouse	E-commerce logistics	94,287	Master leased	67.5%	1,293	RMB3.4m/mth	6% in FY17
Hengde Logistics	Specialised logistics	238,032	Multi-tenanted (2 tenants)	100%	553	NA	10% every 5 yrs for two of three leases
Total		698,478		94.4%	6,357		

Source: REIT Presentation Slides 28 October 2016, Prospectus

This publication is confidential and general in nature. It was prepared from data which NRA Capital Pte. Ltd ("NRA Capital") believes to be reliable, and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. No representation, express or implied, is made with respect to the accuracy, completeness or reliability of the information or opinions in this publication. Accordingly, neither we nor any of our affiliates nor persons related to us accept any liability whatsoever for any direct, indirect, special or consequential damages or economic loss that may arise from the use of information or opinions in this publication. Opinions expressed are subject to change without notice.

NRA Capital and its related companies, their associates, directors, connected parties and/or employees may own or have positions in any securities mentioned herein or any securities related thereto and may from time to time add or dispose of or may be materially interested in any such securities. NRA Capital and its related companies may from time to time perform advisory, investment or other services for, or solicit such advisory, investment or other services from any entity mentioned in this report. The research professionals who were involved in the preparing of this material may participate in the solicitation of such business. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. You acknowledge that the price of securities traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") are subject to investment risks, can and does fluctuate, and any individual security may experience upwards or downwards movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities traded on the SGX-ST. You are aware of the risk of exchange rate fluctuations which can cause a loss of the principal invested. You also acknowledge that these are risks that you are prepared to accept.

You understand that you should make the decision to invest only after due and careful consideration. You agree that you will not make any orders in reliance on any representation/advice, view, opinion or other statement made by NRA Capital, and you will not hold NRA Capital either directly or indirectly liable for any loss suffered by you in the event you do so rely on them.

You understand that you should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of securities on the SGX-ST.