

Singapore Company Guide

EC World REIT

Version 2 | Bloomberg: ECWREIT SP | Reuters: ECWO.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

28 Feb 2020

BUY

Last Traded Price (28 Feb 2020): S\$0.705 (STI : 3,011.08)

Price Target 12-mth: S\$0.80 (13% upside) (Prev S\$0.86)

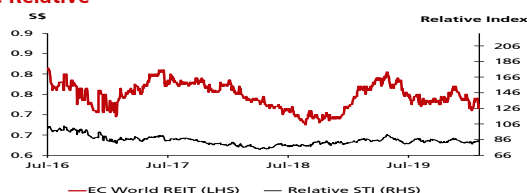
Analyst

Derek TAN +65 6682 3716 derektan@db.com
Singapore Research Team equityresearch@db.com

What's New

- FY19 DPU of 6.047 Scts slightly below expectations; mainly due to retention of 5% of income
- Retention of income as a prudent measure to support any short-term volatility in earnings
- Expect some near-term challenges to operations due to COVID-19 outbreak
- More than 70% of leases underpinned by master-lease with annual rental escalations

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2018A	2019A	2020F	2021F
Gross Revenue	96.2	99.1	112	114
Net Property Inc	87.3	89.7	104	105
Total Return	46.9	65.2	44.2	44.8
Distribution Inc	49.0	48.9	50.9	51.6
EPU (S cts)	4.41	1.87	5.51	5.54
EPU Gth (%)	33	(58)	195	1
DPU (S cts)	6.18	6.05	6.26	6.30
DPU Gth (%)	3	(2)	3	1
NAV per shr (S cts)	86.9	85.4	85.4	85.2
PE (X)	16.0	37.7	12.8	12.7
Distribution Yield (%)	8.8	8.6	8.9	8.9
P/NAV (x)	0.8	0.8	0.8	0.8
Aggregate Leverage (%)	31.3	38.0	38.4	38.3
ROAE (%)	5.0	2.2	6.4	6.5

Distn. Inc Chng (%)			2	3
Consensus DPU (S cts)			6.5	7.0
Other Broker Recs:		B: 4	S: 0	H: 0

Source of all data on this page: Company, DBS Bank, Thomson Reuters

E-commerce catching the flu?

Maintain BUY with revised TP of S\$0.80. We maintain our BUY call but revised our TP to S\$0.80. We like EC World REIT ("ECW") for its portfolio of e-commerce logistics and port logistics properties that are mostly on master leases (more than 70% of all leases) with regular rental escalations, and this provides income visibility and stability. However, persistent weakness in the RMB and the withholding taxes levied on income to be repatriated has been limiting ECW from achieving its full potential. The ongoing COVID-19 outbreak has affected operations is at least one of its properties and is something that we will be monitoring closely. It remains to be seen what further knock-on effects the pandemic will lead to.

Where we differ: On the back of the Fuzhou E-Commerce acquisition that was fully funded by borrowings and cash, we see this as a positive for ECW in FY20 with its full-year contribution. With gearing at 39% and current trading yield of 8.4%, the next acquisition will be crucial given the need for equity fund-raising.

Scaling the e-commerce ladder. ECW completed the acquisition of the Fuzhou E-Commerce property in August 2019. The 5-year master lease on the asset has built-in rental escalations of 2.25% annually. The property is expected to contribute full-year income of c.S\$13.5m and account for approximately c.12% of FY20 gross revenues. With the addition of Fuzhou E-Commerce and the 1.5% increase in valuation for the rest of the assets, ECW currently has a portfolio of S\$1.6bn worth of properties in the e-commerce logistics sector.

Valuation:

We maintain our BUY call with a revised DCF-based TP of S\$0.80.

Key Risks to Our View:

Key risks include sponsor-related risks such as failure to extend master-lease agreements and challenges in underlying occupancy.

At A Glance

Issued Capital (m shrs)	801
Mkt. Cap (S\$m/US\$m)	565 / 405
Major Shareholders (%)	
Forchn Holdings Group Co Ltd	43.4
China Cinda Asset Management	10.2
Providence World I Pte Ltd	8.3
Free Float (%)	30.3
3m Avg. Daily Val (US\$m)	0.95

GIC Industry : Real Estate / Equity Real Estate Investment (REITs)



Live more, Bank less

WHAT'S NEW

E-commerce catching the flu?

FY19 DPU of 6.047 Scts; 98% of our full-year forecast

- FY19 gross revenue of S\$99.1m was S\$2.9m (3.0%) higher compared to FY18; NPI of S\$89.8m was S\$2.4m (2.7%) higher y-o-y
- In RMB terms, revenue and NPI were 6.5% and 6.3% higher respectively (y-o-y) mainly due to contribution from Fuzhou E-Commerce which was acquired in August 2019
- Distribution income of S\$48.2m, S\$0.6m or 1.2% lower than FY18 mainly due to foreign exchange differences and timing difference between the loan drawdown and the completion of the acquisition of Fuzhou E-Commerce in 3Q19; further amplified by the 5% retention in distributable income
- Without the retention in distributable income, DPU would have been 1.3% higher or 6.13 Scts for FY19
- We understand that the retention of income was mainly as a prudent measure to bolster any volatility in short-term earnings and will not be a recurring item
- This retained income could be distributed if not utilised
- In 4Q19, NPI of S\$24.5m was 6.8% higher q-o-q mainly due to income contribution from Fuzhou E-Commerce
- Increase in DPU to 1.51 Scts was 1.4% higher q-o-q; partially offset by higher finance cost for the Fuzhou E-Commerce acquisition

Challenges posed by ongoing COVID-19 pandemic

- A tenant from the Wuhan Meiluote property, likely to be in the e-commerce business, has notified ECW on its non-renewal of approximately 25,000 sqm of space; 50% of the property's NLA
- Despite this lease potentially leading to a c.35% decline to property's full-year income, we expect the impact on overall portfolio revenues to be not more than 0.4%
- ECW anticipates that some tenants may request for rental rebates to tide through this period, and it will evaluate each request on a case-by-case basis
- Wuhan Meiluote remains closed due to the government's mandatory shutdown of operations in the city; the other assets have resumed operations after an approximate one-month closure
- We understand that the other properties are operating at 50-70% capacity since resuming operations

- We believe that the port logistics properties may also face some challenges as they deal mainly with construction materials such as steel and cement
- Rent renewals in FY20 may face some challenges due to pessimism in business activity caused by COVID-19; may see lower occupancy rates and/or negative rental reversions
- Key renewal to look out for in FY20 is the lease with China Tobacco at Hengde Logistics (which accounts for half of the 15.7% of lease expiries in FY20); lease negotiations have been put on hold for now due to the pandemic

Healthy operational metrics

- All-in running cost of borrowing inched down slightly from 4.6% in 3Q19 to 4.4% in 4Q19
- Portfolio valuation increased 20.6% to RMB 8.1bn mainly due to addition of Fuzhou E-Commerce; valuation of portfolio on a like-for-like basis would have been up 1.5% y-o-y
- Increase in portfolio valuations attributed to compression in cap rates from approximately 6.25-6.5% to the current average of c.6%.
- Higher valuation led to a decline in gearing from 39.6% to 38.7% q-o-q
- Portfolio occupancy improved to 99.97%; but could potentially fall to c.97% with the non-renewal of the tenant at Wuhan Meiluote
- Approximately 15.7% of leases (by gross revenue) will be due in FY20 and it remains to be seen how the COVID-19 outbreak will impact rental reversions
- More than c.72% of the portfolio are on master-leases and should provide income visibility with the built-in rental escalations

Maintain BUY with a lower TP of S\$0.80

- We continue to like ECW for its large proportion of master-leases with annual rental escalations
- We project FY20 DPU to increase by c.3.5% due mainly to additional income from Fuzhou E-Commerce and in-built rental escalations at master-lease properties

EC World REIT

- However, we revised our TP down to account for near-term challenges to operations caused by COVID-19, as well as potential declines in occupancies and/or negative rental reversions
- We will revisit our forecasts once there is more certainty over the impact of COVID-19 on ECW's operations and earnings

Quarterly / Interim Income Statement (\$m)

FY Dec	4Q2018	3Q2019	4Q2019	% chg yoy	% chg qoq
Gross revenue	23.5	25.7	25.9	10.2	0.7
Property expenses	(2.6)	(2.8)	(1.4)	(47.3)	(49.7)
Net Property Income	20.8	22.9	24.5	17.4	6.8
Other Operating expenses	(0.7)	(3.3)	(0.3)	(57.7)	(90.6)
Other Non Opg (Exp)/Inc	0.0	(0.2)	(4.2)	nm	1,918.7
Associates & JV Inc	0.0	0.0	0.0	nm	nm
Net Interest (Exp)/Inc	(6.5)	(8.7)	(9.4)	(43.9)	(8.1)
Exceptional Gain/(Loss)	0.0	0.0	0.0	-	-
Net Income	13.6	10.8	10.6	(22.1)	(1.9)
Tax	(7.4)	(7.8)	(16.9)	128.6	118.1
Minority Interest	0.0	0.0	0.0	-	-
Net Income after Tax	6.16	3.01	(6.4)	nm	nm
Total Return	11.7	17.8	29.2	149.1	64.3
Non-tax deductible Items	0.71	(5.9)	(16.5)	nm	178.6
Net Inc available for Dist.	12.4	11.9	12.7	2.4	7.3
Ratio (%)					
Net Prop Inc Margin	88.8	89.3	94.6		
Dist. Payout Ratio	100.0	100.0	100.0		

Source of all data: Company, DBS Bank

EC World REIT

CRITICAL DATA POINTS TO WATCH

Critical Factors

Sponsor-backed growth

ECW's sponsor, Forchn Holdings Group Co., Ltd., is a Shanghai investment holding company which specialises in e-commerce logistics services, e-commerce real estate, health and wellness, manufacturing and investment management. Forchn Group has strategic partnerships with leading logistics giants such as Alibaba, JD, etc.

These strategic long-term partnerships allow the sponsor to undertake master leases on properties that it develops, and to provide ECW with assets that have strong and stable cashflows. The sponsor also has an investment management arm and has recently entered into a JV for a platform of up to RMB5bn. The platform develops warehouses and logistic facilities throughout China, and some of the 14 assets will be completed within the next 12-18 months. These platforms will provide ECW with an added avenue for future growth.

Organic growth provides earnings visibility

The majority of the properties are on a master lease with annual rental escalations averaging 1-2% per annum. The most recent acquisition, Fuzhou E-Commerce property, is on a 5-year master lease with annual rental escalations of 2.25%.

These master-lease structures provide the REIT with cashflow stability and visibility. The current portfolio WALE of 4.1 years ensures long-term stability to portfolio occupancy as well. Meanwhile, the multi-tenanted properties are mostly backed by main leases to tenants such as JD.com and China Tobacco, a state-owned enterprise. The remaining space is leased out to smaller tenants and provides ECW with some flexibility to benefit from any increase in market rents.

Riding on the growth in domestic e-commerce

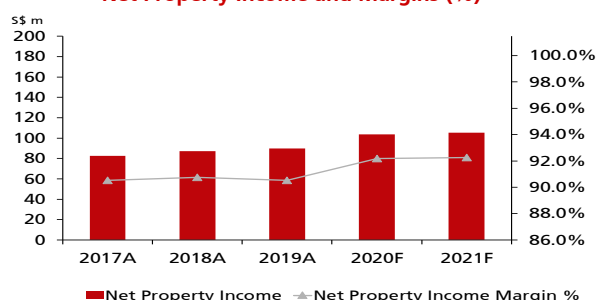
E-commerce in China is expected to continue its strong growth, with online retail sales in 2018 growing 25.4%, outstripping the growth in Chinese retail sales of consumer goods (9.0%) according to China National Bureau of Statistics.

Despite the ongoing trade wars, ECW's port logistics assets are inland ports which cater to tenants who handle domestic businesses with almost no exposure to international trade. We believe that ECW will be mostly insulated from any uncertainty in trade and will continue to ride on the rapidly growing e-commerce segment in the domestic market.

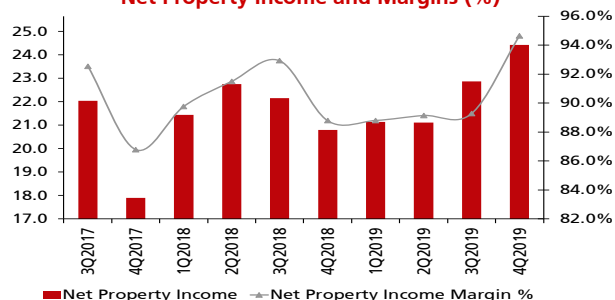
Proactive capital management

The weak RMB is currently creating a drag on ECW in terms of earnings and financing. However, the management is proactively looking at ways to mitigate these impacts by constantly relooking into its FX hedging strategy. In our view, the increasing forward hedge of income, and mix of onshore and offshore debt help mitigate volatility in FX.

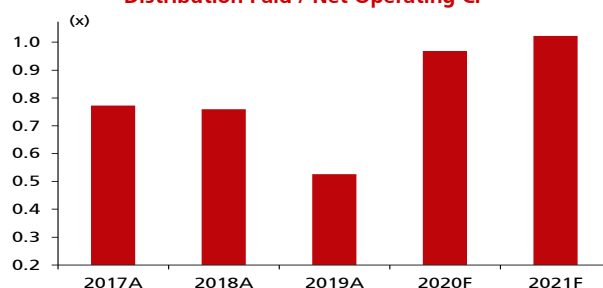
Net Property Income and Margins (%)



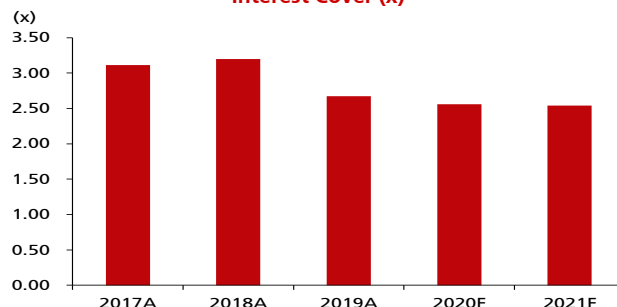
Net Property Income and Margins (%)



Distribution Paid / Net Operating CF



Interest Cover (x)



Source: Company, DBS Bank

EC World REIT

Balance Sheet:

Gearing maintained within targets. Following the acquisition in FY19, gearing is currently 38.7%. This is well within management's long-term target of keeping leverage at the optimal level of around 40%. Given the headroom before hitting the leverage limit of 45%, we believe that ECW is unlikely to do any opportunistic equity fund-raising, unless it is coupled with an acquisition.

Efficient management of borrowing costs. Approximately S\$400m of borrowings taken at IPO has been refinanced and overall costs have come down from 5.4% to 4.5% currently. The savings in borrowing costs were mainly due to the mix of onshore and offshore RMB borrowings. Currently, more than c.70% of borrowings are offshore debt with a significantly lower cost as compared to onshore debt. Going forward, management will also be working on hedging its interest repayment obligations to further mitigate FX fluctuations.

Share Price Drivers:

Acquisitions

ECW also has the ability to grow inorganically with future pipeline from the sponsor, and the strategic partnerships forged by the sponsor that will provide a further acquisition pipeline and the ability to attract major e-commerce tenants.

Key Risks:

Further weakening of RMB

While ECW is proactively managing FX volatility through the hedging of income and costs, any significant weakening of the RMB will put pressure on distributions.

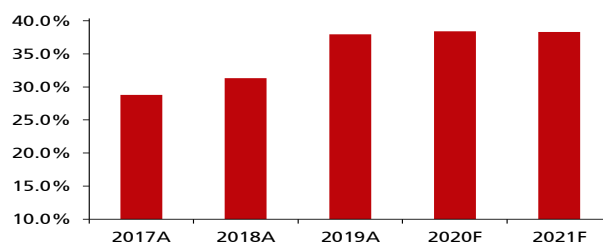
Environment, Social, Governance:

ECW published its inaugural sustainability report in December 2018. ECW's approach towards ESG is fully endorsed and actively supported by the board, sponsor and manager. Led by the Chief Executive Officer and senior representatives from key departments, the manager employs a top-down approach in the decision-making process, assessment and execution of the ESG initiatives and best practices to ensure that ECW follows the guidelines set by SGX, GRI and CRESS.

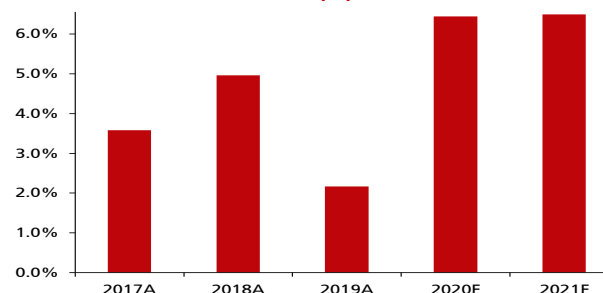
Company Background

ECW is the first specialised and e-commerce logistics REIT listed on the SGX. It has a portfolio of quality properties that are located in China, within one of the largest e-commerce clusters of Hangzhou in the Yangtze River Delta and Wuhan.

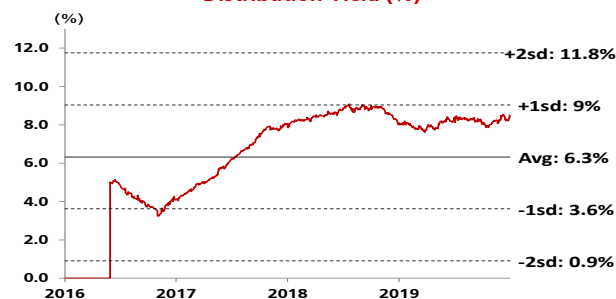
Aggregate Leverage (%)



ROE (%)



Distribution Yield (%)



PB Band (x)



Source: Company, DBS Bank

EC World REIT

Income Statement (\$m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Gross revenue	91.4	96.2	99.1	112	114
Property expenses	(8.7)	(8.9)	(9.4)	(8.8)	(8.9)
Net Property Income	82.7	87.3	89.7	104	105
Other Operating expenses	(6.8)	(4.5)	(6.5)	(6.8)	(6.9)
Other Non Opg (Exp)/Inc	(1.9)	1.26	(4.3)	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(24.4)	(25.9)	(31.1)	(37.8)	(38.8)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Net Income	49.6	58.2	47.8	59.0	59.8
Tax	(23.8)	(23.3)	(32.9)	(14.7)	(14.9)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Income After Tax	25.9	34.9	14.9	44.2	44.8
Total Return	47.6	46.9	65.2	44.2	44.8
Non-tax deductible Items	(0.5)	2.07	(16.4)	6.71	6.78
Net Inc available for Dist.	47.1	49.0	48.9	50.9	51.6
Growth & Ratio					
Revenue Gth (%)	121.9	5.3	3.0	13.3	1.7
N Property Inc Gth (%)	125.0	5.6	2.7	15.4	1.8
Net Inc Gth (%)	24.9	34.9	(57.4)	197.3	1.3
Dist. Payout Ratio (%)	100.0	99.6	98.7	98.7	98.7
Net Prop Inc Margins (%)	90.5	90.8	90.5	92.2	92.2
Net Income Margins (%)	28.3	36.3	15.0	39.4	39.2
Dist to revenue (%)	51.6	50.9	49.3	45.4	45.2
Managers & Trustee's fees	7.5	4.7	6.5	6.0	6.0
ROAE (%)	3.6	5.0	2.2	6.4	6.5
ROA (%)	1.7	2.3	0.9	2.6	2.6
ROCE (%)	2.7	3.4	1.6	4.3	4.4
Int. Cover (x)	3.1	3.2	2.7	2.6	2.5

Higher revenue mainly due to c.S\$13m full-year contribution from Fuzhou E-Commerce

Growth in revenues were revised down to account for potentially weaker rental reversions in FY20

Source: Company, DBS Bank

EC World REIT

Quarterly / Interim Income Statement (\$m)

FY Dec	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019
Gross revenue	23.5	23.9	23.7	25.7	25.9
Property expenses	(2.6)	(2.7)	(2.6)	(2.8)	(1.4)
Net Property Income	20.8	21.2	21.2	22.9	24.5
Other Operating expenses	(0.7)	(2.6)	(0.3)	(3.3)	(0.3)
Other Non Opg (Exp)/Inc	0.0	0.25	(0.1)	(0.2)	(4.2)
Associates & JV Inc	0	0	0	0	0
Net Interest (Exp)/Inc	(6.5)	(6.5)	(6.6)	(8.7)	(9.4)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Net Income	13.6	12.3	14.2	10.8	10.6
Tax	(7.4)	(4.3)	(3.9)	(7.8)	(16.9)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Income after Tax	6.16	8.01	10.2	3.01	(6.4)
Total Return	11.7	8.01	10.2	17.8	29.2
Non-tax deductible Items	0.71	3.92	2.10	(5.9)	(16.5)
Net Inc available for Dist.	12.4	11.9	12.3	11.9	12.7
Growth & Ratio					
Revenue Gth (%)	(2)	2	(1)	8	1
N Property Inc Gth (%)	(6)	2	0	8	7
Net Inc Gth (%)	(48)	30	28	(70)	(311)
Net Prop Inc Margin (%)	88.8	88.8	89.1	89.3	94.6
Dist. Payout Ratio (%)	100.0	100.0	100.0	100.0	100.0

Higher taxes due to acquisition of Fuzhou E-Commerce

Balance Sheet (\$m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Investment Properties	1,337	1,335	1,568	1,569	1,571
Other LT Assets	0.17	0.0	0.0	0.0	0.0
Cash & ST Invt	139	142	119	125	127
Inventory	0.0	0.0	0.0	0.0	0.0
Debtors	35.6	38.3	36.9	9.36	9.52
Other Current Assets	0.0	0.33	0.11	0.11	0.11
Total Assets	1,511	1,516	1,724	1,703	1,708
ST Debt	40.1	475	67.9	67.9	67.9
Creditor	24.6	23.4	34.1	9.36	9.52
Other Current Liab	11.2	9.25	16.0	16.0	16.0
LT Debt	395	0.0	587	587	587
Other LT Liabilities	323	320	335	335	335
Unit holders' funds	718	689	684	688	692
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Funds & Liabilities	1,511	1,516	1,724	1,703	1,708
Non-Cash Wkg. Capital	(0.2)	6.06	(13.2)	(15.9)	(15.9)
Net Cash/(Debt)	(297)	(333)	(535)	(530)	(527)
Ratio					
Current Ratio (x)	2.3	0.4	1.3	1.4	1.5
Quick Ratio (x)	2.3	0.4	1.3	1.4	1.5
Aggregate Leverage (%)	28.8	31.3	38.0	38.4	38.3

Source: Company, DBS Bank

EC World REIT

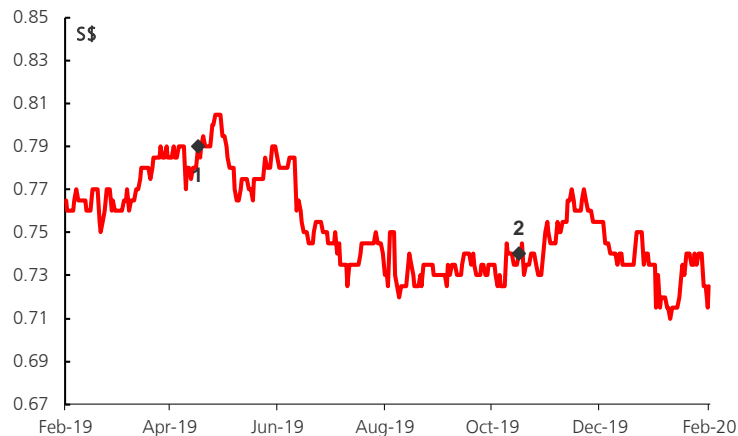
Cash Flow Statement (\$m)

FY Dec	2017A	2018A	2019A	2020F	2021F
Pre-Tax Income	49.6	58.2	47.8	59.0	59.8
Dep. & Amort.	0.0	0.0	0.0	0.0	0.0
Tax Paid	(23.8)	7.36	17.7	(14.7)	(14.9)
Associates & JV Inc/(Loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	6.95	(4.9)	18.2	2.74	0.0
Other Operating CF	28.1	2.66	8.59	4.91	4.98
Net Operating CF	61.0	63.4	92.3	51.9	49.8
Net Invnt in Properties	5.57	(30.4)	(156)	(1.5)	(1.5)
Other Invnts (net)	0.0	0.0	0.0	0.0	0.0
Invnts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc. & JVs	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.0	0.0	0.0	0.0	0.0
Net Investing CF	5.57	(30.4)	(156)	(1.5)	(1.5)
Distribution Paid	(47.1)	(48.1)	(48.5)	(50.3)	(50.9)
Chg in Gross Debt	35.8	(27.6)	104	0.0	0.0
New units issued	0.0	4.87	4.63	5.21	5.28
Other Financing CF	(61.2)	(4.9)	(4.6)	0.0	0.0
Net Financing CF	(72.5)	(75.7)	55.4	(45.1)	(45.6)
Currency Adjustments	40.9	46.2	(14.2)	0.0	0.0
Chg in Cash	35.0	3.48	(22.7)	5.32	2.66
Operating CFPS (S cts)	6.90	8.61	9.31	6.12	6.16
Free CFPS (S cts)	8.50	4.16	(8.0)	6.27	5.97

Source: Company, DBS Bank

100% of Manager's Fees are taken in units

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	13 May 19	0.79	0.86	BUY
2:	11 Nov 19	0.74	0.86	BUY

Source: DBS Bank

Analyst: Derek TAN

Singapore Research Team

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 28 Feb 2020 19:19:30 (SGT)

Dissemination Date: 28 Feb 2020 19:23:21 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 31 Jan 2020.
2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

Compensation for investment banking services:

3. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from EC World REIT as of 31 Jan 2020.
4. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for EC World REIT in the past 12 months, as of 31 Jan 2020.
5. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.


Disclosure of previous investment recommendation produced:

6. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report has been prepared by a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited, a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Carol Wu (Reg No. AH8283) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.

United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	<p>This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.</p>
United Arab Emirates	<p>This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.</p>
United States	<p>This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

EC World REIT

DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek (128540 U)
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand