

8 August 2019

Property | REITS

## EC World REIT (ECWREIT SP)

**Buy** (Maintained)

### Another Stable Quarter Barring FX Impact; BUY

Target Price (Return)	SGD0.82 (+12%)
Price:	SGD0.735
Market Cap:	USD423m
Avg Daily Turnover (SGD/USD)	0.8m/0.6m

- **Keep BUY with new SGD 0.82 TP from SGD 0.85, 12% upside plus 9% yield.** 2Q results met: Earnings outlook remained stable with minimal uncertainty post master lease extensions, and loan refinancing. Its latest acquisition, Fuzhou E-Commerce's (FEC) logistic asset should contribute positively from 3Q19. The potential impact from the rising US-China trade tensions on EC World REIT's assets are minimal, as they cater largely to the domestic market. However, a prolonged CNY weakness should have a negative impact on DPU.

- **TP revised.** We revise our COE higher by 30bps to 10% in light of the increasing macroeconomic risks and currency fluctuations, resulting in a lower TP. Valuation remains attractive at 0.8x P/BV and FY19F yield of 8.6%.

- **Loan tenure extended by c.3 years at similar interest cost.** EC World REIT completed the refinancing of all its loans (end-July) from a mixture of offshore and onshore facilities. The majority of loans are on 3-year tenure (except the CNY77m loan, which has a 10-year tenure). While interest cost for its onshore/offshore facilities have gone up slightly, management noted that overall all-in running interest rate is expected to be similar to the current 4.5%. This is due to the tweaking of its debt mix to 60% offshore and 40% onshore from 50% and 50% previously.

- **Mild positive rent reversions expected from 2020 lease renewals.** About 3%/14% of leases by gross rental income are due for renewal in 2H19-2020. The bulk of 2020 lease renewal is from lease expiry of a major state owned enterprise tenant – China Tobacco – which occupies c.95% of Hengde Logistics. Management expressed confidence in terms of renewing the lease upon expiry due to the customised nature of the warehouse asset, but guided that rental uplift is likely to be modest, at best. Overall, we expect rental reversion to remain positive at 3-5% for leases expiring this year and the next.

- **FEC contributions to kick in from 3Q.** The acquisition of FEC is expected to be completed in the next two weeks, after which the asset will be master leased to sponsor for a tenure of five years (with option to extend for another five years). The asset – acquired at an initial NPI yield of 6.4% – is accretive to both pro-forma (FY18) DPU and NAV, and also has a built-in rent escalation of 2.25% pa. Gearing post transaction should increase to c.39%, and is close to management's comfortable level of 40%. Consequently, future acquisitions are likely to be funded by a combination of equity and debt.

- **Current hedging policy** is to hedge 75% of its distributable income on a rolling 6-month basis using put spread option. Management is currently revisiting its hedging strategy in light of the CNY's fluctuations.

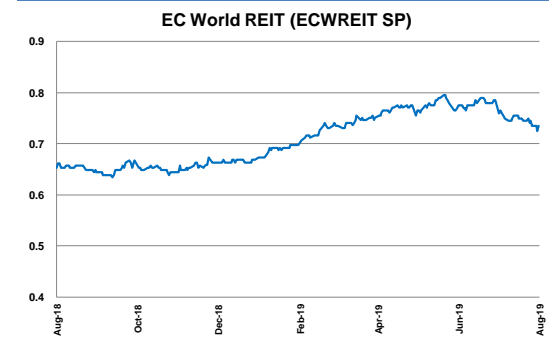
#### Analyst

Vijay Natarajan  
+65 6232 3872  
[vijay.natarajan@rhbgroup.com](mailto:vijay.natarajan@rhbgroup.com)



#### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	6.5	(6.4)	(5.8)	0.7	3.5
Relative	2.7	(1.0)	(2.0)	1.1	8.1
52-wk Price low/high (SGD)	0.68 - 0.81				



Source: Bloomberg

Forecasts and Valuation	Dec-17	Dec-18	Dec-19F	Dec-20F	Dec-21F
Total turnover (SGDm)	91.4	96.2	97.3	100.0	104.1
Net property income (SGDm)	82.7	87.3	96.7	106.7	110.8
Reported net profit (SGDm)	47.6	46.9	56.6	61.7	64.4
Distributable income (SGDm)	47.1	49.0	50.3	52.5	55.3
DPS (SGD - cents)	6.0	6.2	6.3	6.5	6.8
DPS growth (%)	5.4	2.4	2.5	3.3	4.5
P/BV (x)	0.8	0.8	0.8	0.8	0.8
Dividend Yield (%)	8.2	8.4	8.6	8.9	9.3
Return on average equity (%)	6.0	5.9	7.0	7.5	7.7
Return on average assets (%)	3.2	3.1	3.3	3.6	3.7
Interest coverage (x)	3.0	3.1	2.7	2.5	2.6

Source: Company data, RHB

8 August 2019

Property | REITs

## Financial Exhibits

Asia	Financial summary	Dec-17	Dec 18	Dec 19F	Dec 20F	Dec 21F
Singapore	Recurring EPS (SGD)	0.06	0.06	0.08	0.11	0.08
Property	EPS (SGD)	0.06	0.06	0.08	0.11	0.08
EC World REIT	DPS (SGD)	0.06	0.06	0.06	0.07	0.07
Bloomberg ECWREIT SP	BVPS (SGD)	0.92	0.87	0.88	0.89	0.90
	Weighted avg adjusted shares (m)	785	792	799	806	814
Valuation basis	Valuation metrics	Dec-17	Dec 18	Dec 19F	Dec 20F	Dec 21F
We use DDM:	Recurring P/E (x)	11.5	11.7	8.3	6.5	8.8
i. COE of 10.0%;	P/E (x)	11.5	11.7	8.3	6.5	8.8
ii. Risk free rate of 4.5%;	P/B (x)	0.8	0.8	0.8	0.8	0.8
iii. 2% Terminal growth.	FCF Yield (%)	10.7	5.9	(26.9)	14.3	14.7
Key drivers	Dividend Yield (%)	8.6	8.8	9.0	9.3	9.8
i. Increasing logistics sector demand;	EV/EBITDA (x)	10.9	10.3	12.2	11.2	10.9
ii. Accretive acquisitions;	EV/EBIT (x)	10.9	10.3	12.2	11.2	10.9
iii. Pick-up in logistics demand driving rents.						
Key risks	Income statement (SGDm)	Dec-17	Dec 18	Dec 19F	Dec 20F	Dec 21F
i. Prolonged trade tensions leading to slowdown in GDP and economic activity;	Total turnover	91	96	97	100	104
ii. Tenant defaults.	Gross profit	83	87	97	107	111
	EBITDA	77	84	92	101	105
	Depreciation and amortisation	0	0	0	0	0
	Operating profit	77	84	92	101	105
	Net interest	(24)	(26)	(32)	(40)	(40)
	Income from associates & JVs	0	0	0	0	0
	Exceptional income - net	0	2	0	0	0
	Pre-tax profit	71	70	85	92	96
	Taxation	(24)	(23)	(28)	(31)	(32)
	Minority interests	0	0	0	0	0
	Recurring net profit (adj)	48	47	57	62	64
Company Profile	Cash flow (SGDm)	Dec-17	Dec 18	Dec 19F	Dec 20F	Dec 21F
EC World REIT was established with the investment strategy of investing principally – directly or indirectly – in a diversified portfolio of income-producing real estate. The latter assets are used primarily for e-commerce, supply-chain management, and logistics purposes. The REIT also focuses on real estate-related assets. The initial geographical focus is the People's Republic of China.	Change in working capital	(4)	(5)	(4)	(4)	(4)
	Cash flow from operations	61	63	75	82	85
	Capex	(2)	(30)	(225)	(2)	(2)
	Cash flow from investing activities	6	(30)	(225)	(2)	(2)
	Dividends paid	(47)	(48)	(50)	(52)	(55)
	Cash flow from financing activities	(72)	(76)	74	(102)	(105)
	Cash at beginning of period	145	185	154	90	81
	Net change in cash	(6)	(43)	(76)	(21)	(21)
	Ending balance cash	139	142	78	69	60
	Balance sheet (SGDm)	Dec-17	Dec 18	Dec 19F	Dec 20F	Dec 21F
	Total cash and equivalents	139	142	78	69	60
	Tangible fixed assets	1337	1335	1587	1620	1654
	Intangible assets	0	0	0	0	0
	Total investments	1337	1335	1587	1620	1654
	Total other assets	36	39	40	40	41
	Total assets	1511	1516	1704	1729	1755
	Short-term debt	40	475	10	10	10
	Total long-term debt	395	0	641	646	651
	Other liabilities	358	353	354	359	365
	Total liabilities	794	827	1004	1015	1026
	Shareholders' equity	718	689	700	715	729
	Minority interests	0	0	0	0	0
	Total equity	718	689	700	715	729
	Net debt	436	466	651	656	661
	Total liabilities & equity	1511	1516	1704	1729	1755
	Key metrics	Dec-17	Dec 18	Dec 19F	Dec 20F	Dec 21F
	Revenue growth (%)	(4.4)	5.3	1.2	2.8	4.0
	Recurrent EPS growth (%)	(30.6)	(2.3)	41.4	27.6	(26.4)
	Gross margin (%)	90.5	90.8	99.3	106.6	106.5
	Operating EBITDA margin (%)	84.7	87.6	94.4	101.1	100.8
	Net profit margin (%)	52.1	48.8	58.1	61.6	61.9
	Dividend payout ratio (%)	100.0	100.0	100.0	100.0	100.0
	Capex/sales (%)	2.4	31.6	231.2	1.5	1.4
	Interest cover (x)	3.0	3.1	2.7	2.5	2.6

Source: Company data, RHB

## Results And Operations Review

**2Q19 DPU down 1.5%YoY, results met.** Revenue and NPI were down 4.8% and 7.2%YoY in SGD terms, but up 3.6% and 3.4% in CNY terms (including straight-line adjustments). Finance costs were up slightly 2.1%YoY, mainly due to higher standby letter of credit loan quantum. The results met, with 1H19 DPU accounting for 49% of our estimates.

Committed occupancy declined slightly to 99.1% (1Q19: 99.9%) mainly on non-renewal of space (c.5,000sq m) at Wuhan Meiluote. Management is in active discussions with few prospective tenants to backfill the space currently.

Figure 1: Results summary

FYE Dec (SGD m)	2Q19	2Q18	YoY(%)	1H19	YoY(%)	Comments
Revenue	23.7	24.9	(4.8)	47.6	(2.6)	Lower mainly due to CNY depreciation; In CNY terms revenue was 3.6% higher YoY.
NPI	21.2	22.8	(7.2)	42.3	(4.4)	Same as above; in CNY NPI was 3.4% higher YoY.
NPI (%)	89.2%	91.5%	(2.3ppts)	89%	(1.7ppts)	
Unit holders distribution	12.3	12.4	(0.6)	24.2	0.8	100% payout maintained.
<b>DPU (cents)</b>	<b>1.547</b>	<b>1.570</b>	<b>(1.5)</b>	<b>3.0</b>	<b>0.3</b>	
Committed occupancy (%)	99.1	99.2	(0.1ppt)	99.1	-	

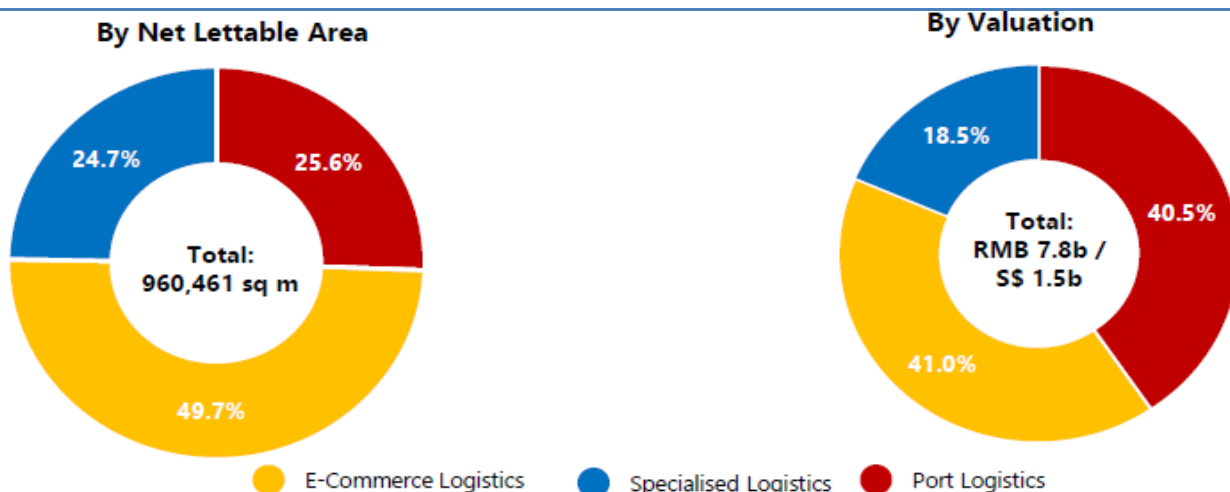
Source: RHB, Company data

Figure 2: EC World REIT's fair value is based on a dividend discount model

	FY19F	FY20F	FY21F	FY22F	FY23F	Terminal Value
DPU (SGD)	6.3	6.5	6.8	7.0	7.1	90.6
Target price (SGD)	0.82					
Current Price (SGD)	0.74					
Price Upside	11.3%					
Distribution Yield	8.6%					
Total returns (%)	19.9%					
<b>Assumptions</b>						
Risk-free rate (%)	4.5%					
Beta	1.0					
Cost of equity (%)	10.0%					
Terminal growth (%)	2.0%					

Source: RHB

Figure 3: Asset breakdown by NLA and valuation



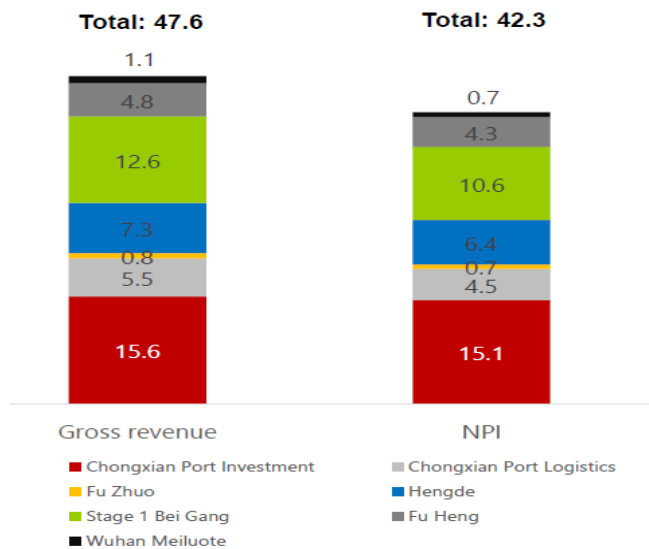
Source: Company data

Figure 4: Refinancing terms for new loans

	Offshore Facility	Onshore Facility
Quantum	<ul style="list-style-type: none"> <li>S\$424.5 million comprising                             <ul style="list-style-type: none"> <li>Two multi-currency term loan facilities up to S\$402 million.</li> <li>SGD term loan up to S\$22.5 million</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>RMB1,095.0 million comprising                             <ul style="list-style-type: none"> <li>Two term loan facilities totaling RMB 1,095 million</li> </ul> </li> </ul>
Total Quantum <sup>1</sup>	S\$640.1 million	
Drawdown	S\$354.62 million	RMB977.65 million
Total Drawdown <sup>2</sup>	S\$547.12 million	
Tenure	Three years (save for a RMB 77.0 million portion of the Onshore Facility which has a tenure of 10 years)	

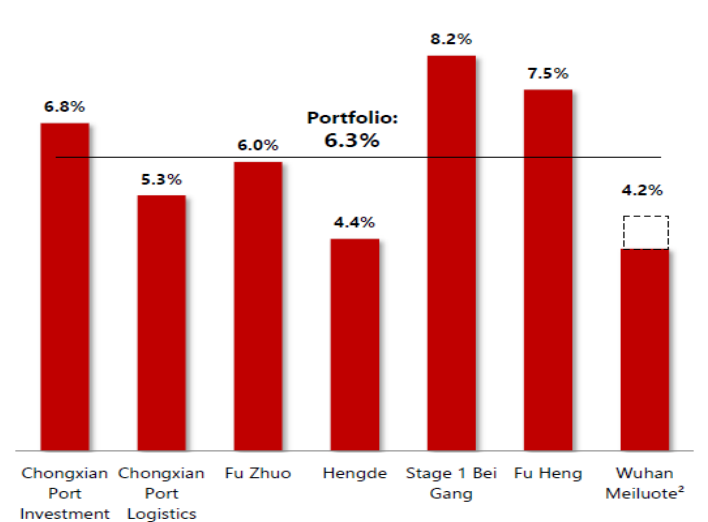
Source: Company data

Figure 5: FEC asset



Source: Company data

Figure 6: NPI yield by asset (1H19)

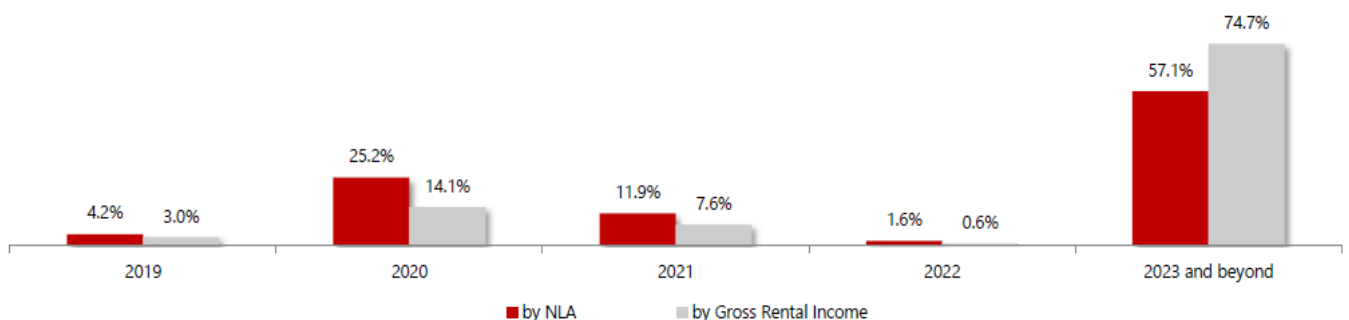


Source: Company data

Figure 6: Portfolio lease expiry profile

WALE by NLA: 3.6 years

WALE by Gross Rental Income: 4.6 years



Source: Company data

**RHB Guide to Investment Ratings**

<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
<b>Not Rated:</b>	Stock is not within regular research coverage

**Investment Research Disclaimers**

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report 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. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

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 the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results,

performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

**RESTRICTIONS ON DISTRIBUTION****Malaysia**

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

**Thailand**

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

**Indonesia**

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as



an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

#### Singapore

This report is issued and distributed in Singapore by RHB Securities Singapore Pte Ltd which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Securities Singapore Pte Ltd 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, RHB Securities Singapore Pte Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Securities Singapore Pte Ltd in respect of any matter arising from or in connection with the report.

#### Hong Kong

This report is issued and distributed in Hong Kong by RHB Securities Hong Kong Limited (興業僑豐證券有限公司) (CE No.: ADU220) ("RHBSHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact RHBSHK. RHBSHK is a wholly owned subsidiary of RHB Hong Kong Limited; for the purposes of disclosure under the Hong Kong jurisdiction herein, please note that RHB Hong Kong Limited with its affiliates (including but not limited to RHBSHK) will collectively be referred to as "RHBHK." RHBHK conducts a full-service, integrated investment banking, asset management, and brokerage business. RHBHK does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this research report. Investors should consider this report as only a single factor in making their investment decision. Importantly, please see the company-specific regulatory disclosures below for compliance with specific rules and regulations under the Hong Kong jurisdiction. Other than company-specific disclosures relating to RHBHK, this research report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such.

#### United States

This report was prepared by RHB and is being distributed solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors, nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and does not offer brokerage services to U.S. persons. Any order for the purchase or sale of the securities discussed herein that are listed on Bursa Malaysia Securities Berhad must be placed with and through Auerbach Grayson ("AG"). Any order for the purchase or sale of all other securities discussed herein must be placed with and through such other registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of Auerbach Grayson AG or such other registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

#### DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with or hold positions in the securities (including capital market products) or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by

the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

#### Malaysia

Save as disclosed in the following link ([RHB Research conflict disclosures – August 2019](#)) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member\* of the subject company(ies) covered in this report  
*\*For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. Save as disclosed below, RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

#### Thailand

RHB Securities (Thailand) PCL and/or its directors, officers, associates, connected parties and/or employees, may have, or have had, interests and/or commitments in the securities in subject company(ies) mentioned in this report or any securities related thereto. Further, RHB Securities (Thailand) PCL may have, or have had, business relationships with the subject company(ies) mentioned in this report. As a result, investors should exercise their own judgment carefully before making any investment decisions.

#### Indonesia

PT RHB Sekuritas Indonesia is not affiliated with the subject company(ies) covered in this report both directly or indirectly as per the definitions of affiliation above. Pursuant to the Capital Market Law (Law Number 8 Year 1995) and the supporting regulations thereof, what constitutes as affiliated parties are as follows:

1. Familial relationship due to marriage or blood up to the second degree, both horizontally or vertically;
2. Affiliation between parties to the employees, Directors or Commissioners of the parties concerned;
3. Affiliation between 2 companies whereby one or more member of the Board of Directors or the Commissioners are the same;
4. Affiliation between the Company and the parties, both directly or indirectly, controlling or being controlled by the Company;
5. Affiliation between 2 companies which are controlled, directly or indirectly, by the same party; or
6. Affiliation between the Company and the main Shareholders.

PT RHB Sekuritas Indonesia is not an insider as defined in the Capital Market Law and the information contained in this report is not considered as insider information prohibited by law. Insider means:

- a. a commissioner, director or employee of an Issuer or Public Company;
- b. a substantial shareholder of an Issuer or Public Company;
- c. an individual, who because of his position or profession, or because of a business relationship with an Issuer or Public Company, has access to inside information; and
- d. an individual who within the last six months was a Person defined in letters a, b or c, above.

#### Singapore

Save as disclosed in the following link (Save as disclosed in the following link ([RHB Research conflict disclosures – August 2019](#)) and to the best of our knowledge, RHB Securities Singapore Pte Ltd hereby declares that:

1. RHB Securities Singapore Pte Ltd, its subsidiaries and/or associated companies do not make a market in any issuer covered in this report.
2. RHB Securities Singapore Pte Ltd, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered in this report.
3. RHB Securities, its staff or connected persons do not serve on the board or trustee positions of the issuer covered in this report.
4. RHB Securities Singapore Pte Ltd, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered in this report or any other relationship that may create a potential conflict of interest.
5. RHB Securities Singapore Pte Ltd, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered in this report.
6. RHB Securities Singapore Pte Ltd and its analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation.

#### Hong Kong

The following disclosures relate to relationships between RHBHK and companies covered by Research Department of RHBSHK and referred to in this research report:

8 August 2019

Property | REITs

RHBSHK hereby certifies that no part of RHBSHK analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

RHBHK had an investment banking services client relationships during the past 12 months with: -.

RHBHK has received compensation for investment banking services, during the past 12 months from: -.

RHBHK managed/co-managed public offerings, in the past 12 months for: -.

On a principal basis. RHBHK has a position of over 1% market capitalization of: -.

**Additionally, please note the following:**

**Ownership and material conflicts of interest:** RHBSHK policy prohibits its analysts and associates reporting to analysts from owning securities of any company covered by the analyst.

**Analyst as officer or director:** RHBSHK policy prohibits its analysts, and associates reporting to analysts from serving as an officer, director, advisory board member or employee of any company covered by the analyst.

RHBHK salespeople, traders, and other non-research professionals may provide oral or written market commentary or trading strategies to RHB clients that reflect opinions that are contrary to the opinions expressed in this research report.



**KUALA LUMPUR**

**RHB Investment Bank Bhd**  
Level 3A, Tower One, RHB Centre  
Jalan Tun Razak  
Kuala Lumpur 50400  
Malaysia  
Tel : +603 9280 8888  
Fax : +603 9200 2216

**JAKARTA**

**PT RHB Sekuritas Indonesia**  
Wisma Mulia, 20th Floor  
Jl. Jenderal Gatot Subroto No. 42  
Jakarta 12710  
Indonesia  
Tel : +6221 2783 0888  
Fax :+6221 2783 0777

**HONG KONG**

**RHB Securities Hong Kong Ltd.**  
12<sup>th</sup> Floor, World-Wide House  
19 Des Voeux Road  
Central  
Hong Kong  
Tel : +852 2525 1118  
Fax : +852 2810 0908

**BANGKOK**

**RHB Securities (Thailand) PCL**  
10th Floor, Sathorn Square Office Tower  
98, North Sathorn Road, Silom  
Bangrak, Bangkok 10500  
Thailand  
Tel: +66 2088 9999  
Fax :+66 2088 9799

**SINGAPORE**

**RHB Securities Singapore Pte Ltd.**  
10 Collyer Quay  
#09-08 Ocean Financial Centre  
Singapore 049315  
Tel : +65 6533 1818  
Fax : +65 6532 6211