

8 January 2019

Property | REITs

EC World REIT (ECWREIT SP)

Buy

E-Commerce Logistics + 9% Yield; Initiate BUY

Target Price (Return)	SGD0.81 (+16%)
Price:	SGD0.70
Market Cap:	USD409m
Avg Daily Turnover (SGD/USD)	0.2m/0.2m

- Initiate coverage with BUY and SGD0.81 TP, 16% upside plus 9% yield.** EC World REIT's seven logistics assets in China cater to a thriving e-commerce, logistics, and supply chain segment that is expected to remain resilient despite trade tensions. 70% of income is backed by its sponsor's master leases, which we expect will continue beyond the current term ending 2020. With low gearing levels presenting debt headroom, the next leg of growth could come from the acquisition of YCH's South-East Asia's logistics assets – potentially transforming EC World into a pan-Asian logistics play.
- Proxy to China's e-commerce and logistics growth.** With booming e-commerce growth (last three years: 30-40% pa) and limited good quality logistics assets in China, we believe the REIT's assets are well-positioned in future growth segments. As its properties largely cater for domestic consumption, we see minimal impact from the US-China trade war and could potentially benefit from the Government's push to boost domestic growth.
- Strong sponsor support with 44% stake.** Sponsor Forchn has a >25-year track record with interests across diversified real estate and e-commerce sectors. Additionally, the latter's wholly-owned RuiYiCang subsidiary is a leading China-based omni-channel e-commerce service provider that operates 35 warehouses in 23 cities. It is also one of the founding shareholders of smart logistics provider Cainiao Network, along with Alibaba and other key logistics players. With the sponsor holding a majority stake and being the master lessee of three key assets, we believe there is an alignment of interest from Forchn to ensure the REIT's success.
- One of the key overhangs on the share price** is EC World's reliance on sponsor master leases and potential impact upon the end-2020 expiry. Our recent [site visit](#) showed that master lease assets are steadily ramping up, with Forchn likely to extend them for another term. We also understand that total income from underlying leases is above the lease payments. Our forecasts assume these leases to be extended in similar terms beyond 2020.
- Forchn signed a framework agreement** in Apr 2018 with YCH that gives it the option to acquire the latter's 13 logistics assets across South-East Asia and China when available. As both regions are touted to be the world's fastest-growing e-commerce and logistic markets, this represents attractive future growth opportunities. EC World's gearing is low at 30.5%, presenting good c.SGD250m debt headroom, assuming 40% as comfortable.
- Cheapest logistics S-REIT: 9% yield, 0.8x P/BV.** FY19F yields are a good 230bps and 300bps above the industrial REIT and S-REIT averages. Our TP is based on a 5-Year DDM model. Non-renewal of sponsor master leases, FX fluctuations, and adverse regulatory/policy changes are key risks.

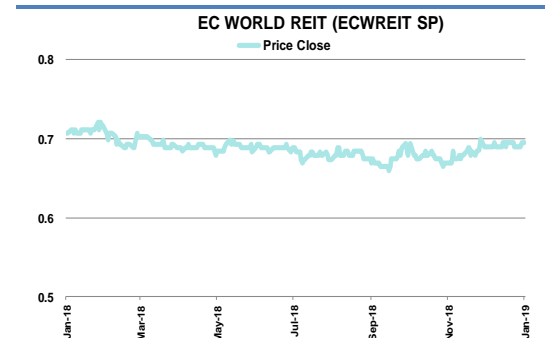
Analyst

Vijay Natarajan
+65 6232 3872
vijay.natarajan@rhbgroup.com



Share performance (%)

	YTD	1m	3m	6m	12m
Absolute	1.4	1.4	0.7	(2.1)	(9.7)
Relative	0.0	1.4	2.9	0.4	1.7
52-wk Price low/high (SGD)	0.68 – 0.79				



Source: Bloomberg

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Forecasts and Valuation	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
Total turnover (SGDm)	95.5	91.4	95.7	97.3	100.0
Net property income (SGDm)	83.9	82.7	86.4	89.6	92.0
Reported net profit (SGDm)	55.8	47.6	55.6	58.4	60.0
Distributable income (SGDm)	55.8	47.1	48.8	51.3	52.7
DPS (SGD - cents)	5.7	6.0	6.2	6.4	6.5
DPS growth (%)	-	5.4	2.7	4.0	1.7
P/BV (x)	0.7	0.8	0.8	0.8	0.7
Dividend Yield (%)	8.2	8.6	8.8	9.2	9.4
Return on average equity (%)	7.1	6.0	6.9	7.2	7.3
Return on average assets (%)	3.8	3.2	3.6	3.7	3.8
Interest coverage (x)	4.7	3.0	2.9	3.0	3.0

Source: Company data, RHB

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Financial Exhibits

Financial model updated on 2019-01-03

Asia		Financial summary	Dec-16	Dec-17	Dec 18F	Dec 19F	Dec 20F
Singapore		Recurring EPS (SGD)	0.04	0.06	0.07	0.08	0.11
REITs		EPS (SGD)	0.04	0.06	0.07	0.08	0.11
EC World REIT		DPS (SGD)	0.02	0.06	0.06	0.06	0.07
		BVPS (SGD)	0.93	0.92	0.93	0.93	0.94
		Weighted avg adjusted shares (m)	779	785	792	800	808
Major shareholders (%)		Valuation metrics	Dec-16	Dec-17	Dec 18F	Dec 19F	Dec 20F
Forchn	44.3	Recurring P/E (x)	8.0	11.5	10.0	8.3	6.5
China Cinda Asset Management	12.0	P/E (x)	8.0	11.5	10.0	8.3	6.5
Providence World	8.4	P/B (x)	0.7	0.8	0.8	0.8	0.7
		FCF Yield (%)	24.4	10.7	6.4	12.2	12.4
Valuation basis		Dividend Yield (%)	8.2	8.6	8.8	9.2	9.4
DDM methodology:		EV/EBITDA (x)	8.9	10.9	11.0	10.7	10.6
i. COE of 10%;		EV/EBIT (x)	8.9	10.9	11.0	10.7	10.6
ii. 2% long-term growth.							
Key drivers		Income statement (SGDm)	Dec-16	Dec-17	Dec 18F	Dec 19F	Dec 20F
i. Renewal of master leases;		Total turnover	96	91	96	97	100
ii. Accretive acquisition of assets;		Gross profit	84	83	86	90	92
iii. Higher China GDP growth.		EBITDA	95	77	81	84	86
		Depreciation and amortisation	0	0	0	0	0
Key risks		Operating profit	95	77	81	84	86
i. Higher credit costs;		Net interest	(20)	(24)	(26)	(27)	(27)
ii. Weaker NIMs;		Income from associates & JVs	0	0	0	0	0
iii. Weaker non-II;		Exceptional income - net	15	0	0	0	0
iv. Adverse FX movements.		Pre-tax profit	73	71	79	83	86
		Taxation	(17)	(24)	(24)	(25)	(26)
Company Profile		Minority interests	0	0	0	0	0
EC World was established with the investment		Recurring net profit (adj)	56	48	56	58	60
strategy of investing principally – directly or indirectly –							
in a diversified portfolio of income-producing real		Cash flow (SGDm)	Dec-16	Dec-17	Dec 18F	Dec 19F	Dec 20F
estate. The latter assets are used primarily for e-		Change in working capital	52	(3)	(3)	(3)	(3)
commerce, supply-chain management, and logistics		Cash flow from operations	141	61	67	70	71
purposes. The REIT also focuses on real estate-		Capex	(8)	(2)	(32)	(2)	(2)
related assets. The initial geographical focus is the		Cash flow from investing activities	(246)	6	(24)	6	6
People's Republic of China.		Dividends paid	(8)	(47)	(49)	(51)	(53)
		Cash flow from financing activities	182	(72)	(66)	(94)	(96)
		Cash at beginning of period	26	145	150	140	134
		Net change in cash	78	(6)	(22)	(18)	(18)
		Ending balance cash	104	139	128	122	116
		Balance sheet (SGDm)	Dec-16	Dec-17	Dec 18F	Dec 19F	Dec 20F
		Total cash and equivalents	104	139	128	122	116
		Tangible fixed assets	1333	1337	1395	1425	1455
		Intangible assets	0	0	0	0	0
		Total investments	1333	1337	1395	1425	1455
		Total other assets	45	36	34	32	29
		Total assets	1483	1511	1557	1578	1600
		Short-term debt	2	40	40	40	40
		Total long-term debt	397	395	425	430	435
		Other liabilities	358	358	362	365	369
		Total liabilities	756	794	827	836	845
		Shareholders' equity	726	718	730	742	755
		Minority interests	0	0	0	0	0
		Total equity	726	718	730	742	755
		Net debt	399	436	466	471	476
		Total liabilities & equity	1483	1511	1557	1578	1600
		Key metrics	Dec-16	Dec-17	Dec 18F	Dec 19F	Dec 20F
		Revenue growth (%)	n.a	(4.4)	4.7	1.7	2.8
		Recurrent EPS growth (%)	n.a	(30.6)	15.1	20.1	27.6
		Gross margin (%)	87.8	90.5	90.3	92.0	91.9
		Operating EBITDA margin (%)	99.1	84.7	84.2	86.1	85.8
		Net profit margin (%)	58.4	52.1	58.1	60.0	60.0
		Dividend payout ratio (%)	100.0	100.0	100.0	100.0	100.0
		Capex/sales (%)	8.6	2.4	32.9	1.5	1.5
		Interest cover (x)	4.7	3.0	2.9	3.0	3.0

Source: Company data, RHB

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Investment Highlights

A **logistics and e-commerce REIT** with a geographical focus in the People's Republic of China (PRC), EC World has seven properties under its portfolio: six are in Hangzhou, while another – acquired on Apr 2018 – is located in Wuhan.

The assets have a total NLA of 0.75m sqm, with the remaining land-lease tenures ranging between 35 and 47 years. Overall, these assets can be categorised under three main logistics segments:

- i. Port;
- ii. E-commerce;
- iii. Specialised.

The port logistics segment is the biggest contributor to gross rental income, accounting for 47% of the total as at 9M18. It also accounts for 33% of the REIT's NLA portfolio. E-commerce logistics is the second-biggest contributor, making up 38% of the portfolio's gross rental income with 32% NLA.

The specialised logistics segment – which makes up the most NLA in EC World's portfolio (35%) – accounted for only 15% of gross rental income.

Figure 1: EC World's portfolio – asset locations & details

	Property	Type	NLA (sq m)	Type of Lease	Remaining Land Lease Tenure (years) ⁽¹⁾	Independent Valuation (RMB m) ⁽²⁾
1	Chongxian Port Investment	Port Logistics	112,726	Master leased ⁽³⁾	38	2,218.0
2	Chongxian Port Logistics	Port Logistics	125,856	Multi-tenanted	Complex 1 & 2: 38 & 42	854.0
3	Fu Zhuo Industrial	Port Logistics	7,128	Multi-tenanted	38	114.0
4	Stage 1 Properties of Bei Gang Logistics	E-commerce Logistics	120,449	Master leased ⁽⁴⁾	34	1,296.0
5	Fu Heng	E-commerce Logistics	94,287	Master leased ⁽³⁾	41	577.0
6	Wuhan Mei Luo Te ⁽⁵⁾	E-commerce Logistics	48,695	Multi-tenanted	47	171 ⁽⁶⁾
7	Hengde Logistics	Specialised Logistics	238,032	Multi-tenanted	Complex 1 & 2: 35 & 41	1,463.0
Total / Average			747,173		39	6,693.0
Total (SGD m)						1,380.1 ⁽⁷⁾

(1) Based on land leases as at 30 Jun 2018

(2) As at 31 Dec 2017 appraised by Savills

(3) Master leases with Sponsor commenced on 1 Jan 2016

(4) Master lease with Sponsor commenced on 1 Nov 2015

(5) Acquired on 16 April 2018

(6) Valuation is as at 31 Dec 2017, appraised by Colliers

(7) Based on exchange rate of S\$1.00 : RMB4.8497 as at 30 Jun 2018



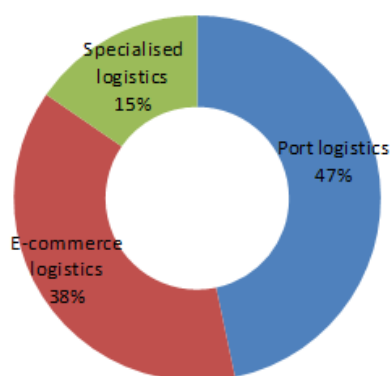
● E-Commerce Logistics ● Specialised Logistics ● Port Logistics

Source: Company data

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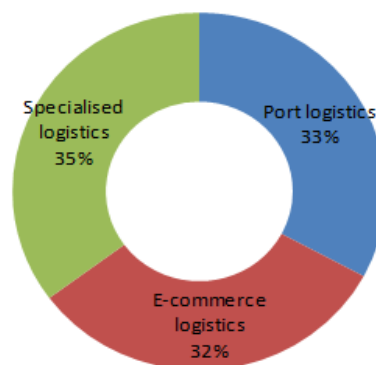
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Figure 2: EC World's assets by rental contributions (9M18)



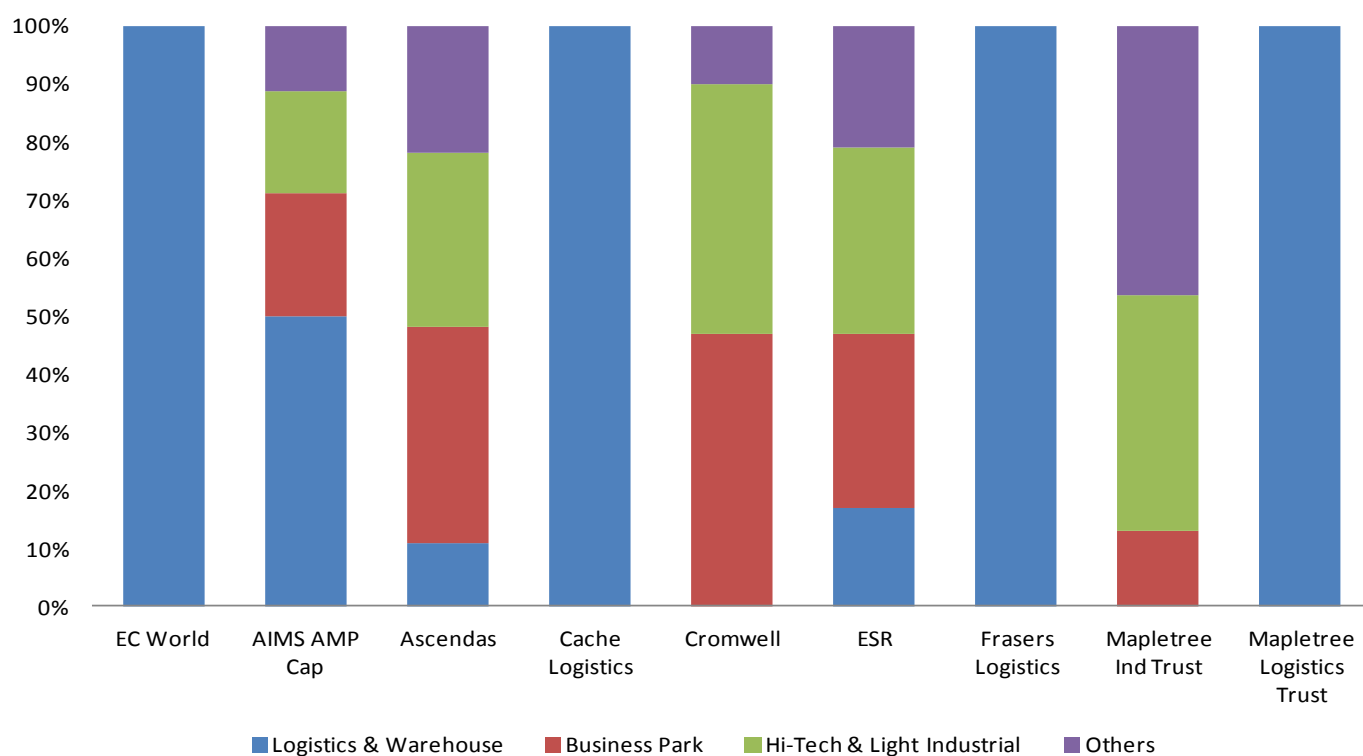
Source: Company data

Figure 3: EC World's assets by NLA (as at 30 Sep 2018)



Source: Company data

Figure 4: A comparison of various Industrial REITs' exposure by segment in terms of asset value



Source: RHB, Respective Companies

Assets play a vital role in the product fulfilment cycle. EC World's port logistics assets are strategically-located next to key waterways and road networks. They have the capability to handle products from shipping to warehouse, storage, handling, and processing before handling them to the delivery agents.

The specialised logistic assets are generally used for warehousing purposes and currently store high-value consumer goods, eg tobacco. The REIT's e-commerce logistics assets, meanwhile, enable last-mile connectivity with multiple functions – these include warehousing, third-party logistics, and parcel producing and sorting. With the PRC seeing a booming growth in e-commerce retail and delivery, we see good demand for such eco-systems in future.

Figure 5: Supply chain and product fulfilment cycle

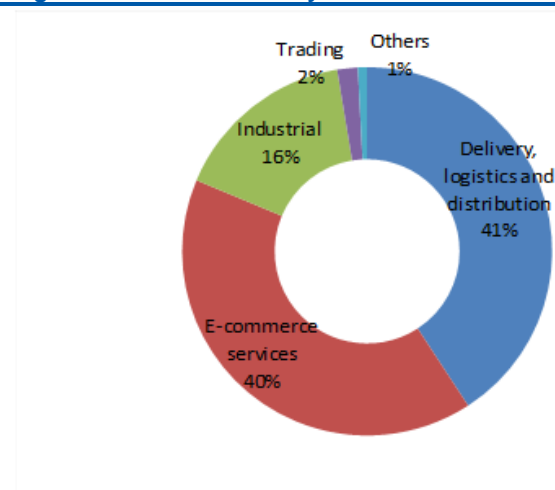


Source: Company, RHB

We see minimal impact from the US-China trade war, as the portfolio tenant mix is geared towards domestic consumption. As at end-2018, EC World's assets were occupied by 25 tenants (excluding Wuhan Mei Luo Te). c.80% of the underlying tenant mix in the portfolio is geared towards delivery, logistics & distribution, and e-commerce services which – in our view – are closely linked to the consumption growth of China's economy.

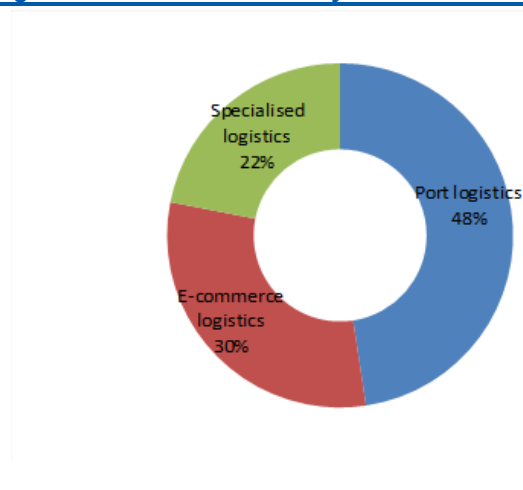
With the Chinese Government's continued push towards propping the domestic economy, we believe the aforementioned segments are primed to benefit while also remaining less affected by the US-China trade war.

Figure 6: Diversification by trade sector



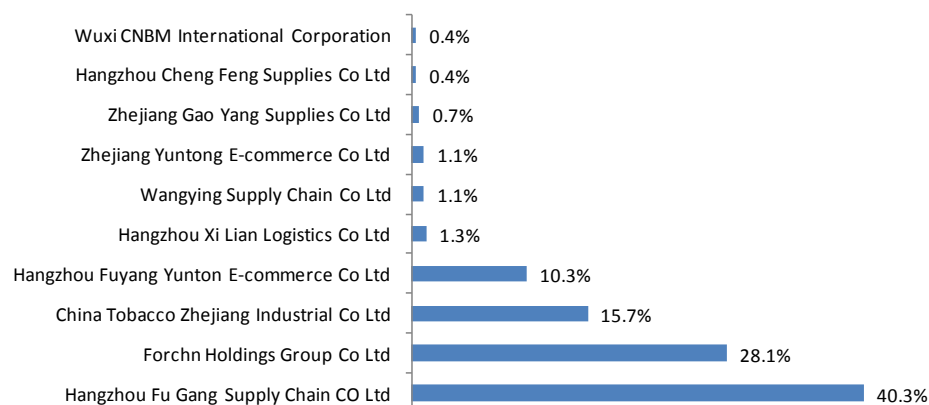
Source: Company data

Figure 7: EC World's assets by Valuation



Source: Company data

Figure 8: Top 10 tenants/sub-tenants

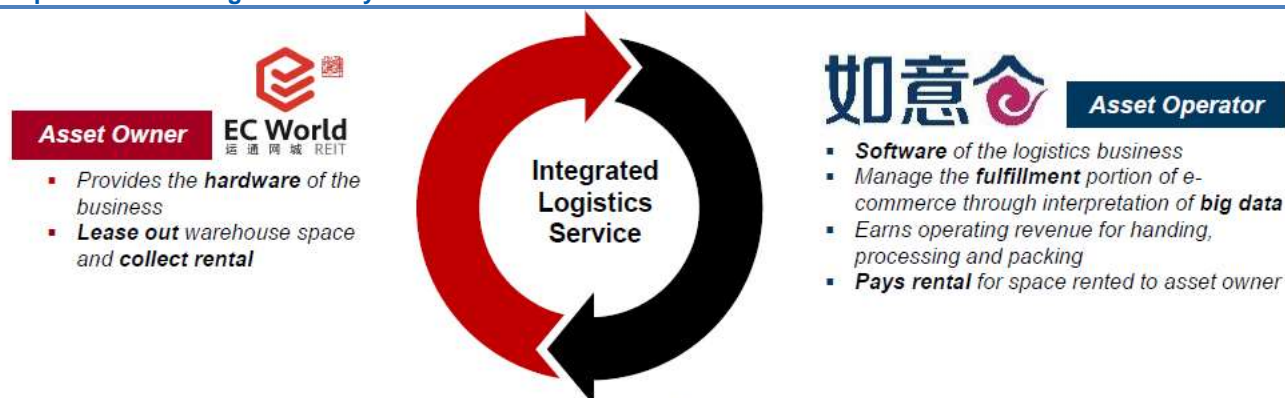


Source: Company data

Sponsor support and ecosystem the key growth driver. Sponsor Forchn has more than two decades of experience in port operations, e-commerce logistics, real estate, and financial services (see page 20 for sponsor details). Consequently, there is a good symbiotic relationship between EC World and its sponsor, where the former acts as the asset owner and provides the hardware support via ownership of the physical assets. Meanwhile, the latter, with its operational experience, manages the business processes, systems, and operations of a logistics fulfilment centre.

With this arrangement, we see the success of the sponsor being closely interlinked to the growth of EC World.

Figure 9: Sponsor-REIT integrated ecosystem



Source: Company

Master lease assets ramping up with underlying occupancy improvements. As at end-3Q18 EC World's portfolio's committed and underlying occupancy stood at 99.2% and 96.9%. Except for Stage 1 Bei Gang Logistics (Stage 1 BL) and Wuhan Mei Luo Te (WHML) the underlying occupancy of the remaining property has remained fully occupied since the IPO.

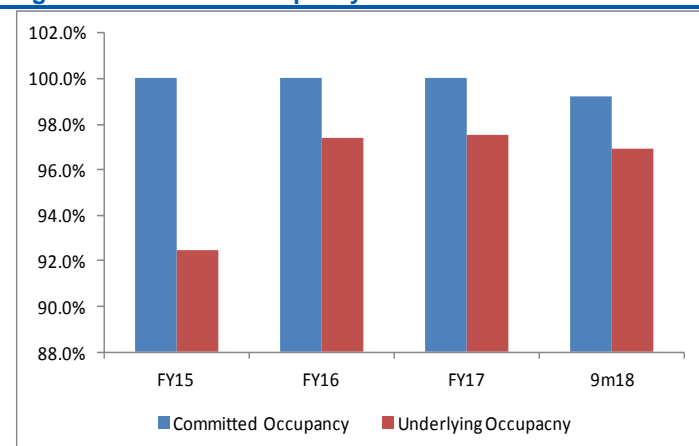
As for Stage 1 BL, which is currently under master lease, the occupancy has been steadily ramping up to c.86% from 55.3% during the IPO. Occupancy at the newly-acquired WHML has also ramped up to c.88% as at end 3Q18 from 82.2% in Apr 2018, which indicates steady growth in demand for logistics assets.

In terms of assets underlying NPI yields, it ranges between 4.5% and 8.8%, with an average portfolio NPI yield of 6.5% (Figure 11).

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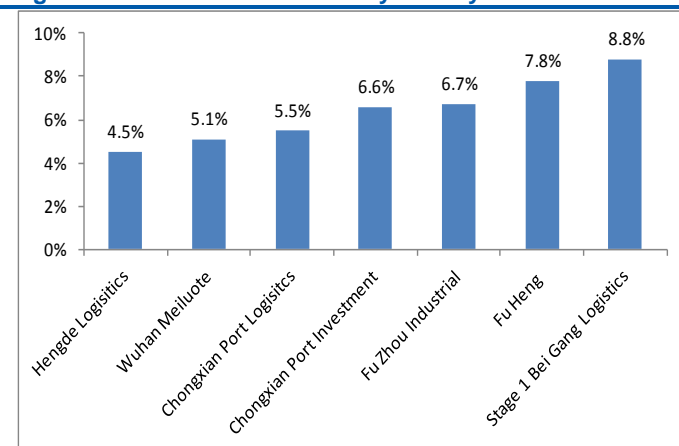
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Figure 10: Portfolio occupancy



Source: Company data

Figure 11: 9M18 annualised NPI yields by assets



Source: Company data

Forchn's collaboration with YCH brings exciting opportunities for growth. In Apr 2018, EC World's sponsor Forchn signed a framework agreement with YCH, a Singapore-based leading logistics supply chain provider with logistics assets across South-East Asia.

The partnership aims to leverage upon each party's expertise in the logistics supply chain markets. The collaboration also allows the two to tap into China's Belt & Road initiative and opportunities in the logistics sector arising from it. In this regard, YCH and Forchn are formally launching the USD150m Belt Road Initiative Logistics Real Estate Private Equity Fund.

As a part of the collaboration, YCH has also granted EC World the right of first refusal (ROFR) to acquire the former's 13 logistics assets in South-East Asia when available for divestment. The assets – totalling more than 280,000 sqm of GFA – are located across the region and carry an estimated value of SGD400m. Leveraging on the REIT's sponsor's track record, YCH is also planning to introduce cutting-edge supply chain management technologies to enhance its asset value. Besides this, EC World also has the Fu Zhou E-Commerce property in the pipeline from Forchn.

Recently the REIT announced that it has declined its ROFR to acquire Stage 2 Bei Gang Logistics from its sponsor, stating that the transaction would not be accretive to its unit holders. We see this as a prudent move, and are comforted that EC World is under no pressure to acquire Forchn's assets and will evaluate more so on a case-by-case basis, with yield-accretion being the key consideration.

Figure 12: Geographical presence of Forchn and YCH



Source: Company, YCH

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Fee structure aligned with distributable income growth. EC World's management base fees of 10% of distributable income and performance fees of 25% of DPU growth are aligned to deliver sustainable DPU returns. This enables the REIT to return better values to shareholders. This is superior when compared with peers, as other industrial REITs typically derive their fees as a proportion of portfolio values. The acquisition fees from related parties are also slightly lower at 0.75% compared with 1% charged by majority of other REITs.

The trustee fee is capped at 0.1% pa of the value of the deposited property, with a minimum of SGD12,000 per month, while the acquisition and divestment fees are also comparable – and relative – with industry peers.

Figure 13: A comparison of industrial REITs' fees

	Property management fees	REIT management fees		Trustee fees % of property value	Acquisition fee % of purchase price
		Base	Performance		
AIMS AMP Capital Industrial REIT	2% of rental income (base) + 1% of rental income (lease management)	0.50% pa of portfolio value	0.1% of portfolio value if DPU difference >2.5% YoY, 0.2% of portfolio value if DPU difference >5%	0.100%	1%
Ascendas REIT	2% of gross revenue + 2% of NPI + 1% of gross revenue (lease management fee)	0.50% pa of portfolio value	0.1% of portfolio value if DPU difference >2.5% YoY, 0.2% of portfolio value if DPU difference >5%	0.030%	1%
Cache Logistics Trust	Australia: 2% of NPI, SG: 2% of gross revenue (base) + 1% of gross (lease)	0.50% pa of portfolio value	1.5% of NPI	0.030%	1%
Cromwell REIT	0.67% pa of the Deposited Property	0.23% pa of the CAREIT's Deposited Property	25% of the difference in DPU in a financial year with the DPU in the preceding financial year x weighted average number of units in issue for the financial year	Scaled basis of up to 0.015% pa of the value of the Deposited Property, subject to a minimum of SGD15,000 per month	1%
ESR REIT	2% of gross revenue + 1% of gross revenue for lease management fee	0.50% pa of portfolio value	25.0% YoY DPU difference * weighted avg number of units, capped at 0.8% of portfolio value pa	0.030%	1%
EC World REIT	For property & lease management: 1.5% pa of gross revenue of the property	10.0% pa of distributable income	25% pa of the YoY DPU difference x weighted average number of units in issue for such financial year	Not exceeding 0.1% pa of the value of the Deposited Property, subject to a min of SGD12,000 a month One-time inception fee, as may be agreed between the Trustee and Manager, subject to a max of SGD60,000	0.75% from related parties 1% for other cases
Frasers Logistics Trust	Australia: 1.2% of NPI, Outside Australia: 2% of gross revenue (base) + 1% of gross (lease)	0.40% of portfolio value	5% of distributable income	0.015%	0.50% for related parties, 1% for all others
Mapletree Industrial Trust	2% of gross revenue + 1% of gross revenue for lease management fee	0.50% pa of portfolio value	3.6% of NPI	0.020%	1%
Mapletree Logistics Trust	2% of gross revenue + 1% of gross revenue for lease management fee	0.50% pa of portfolio value	3.6% of NPI	0.030%	1%
Sabana Shariah Compliant Industrial REIT	2% of gross revenue + 1% of gross revenue for lease management fee	0.50% pa of portfolio value	5% of NPI if DPU >10% YoY	0.25%	1%
Soilbuild Business Space REIT	2% of gross revenue	10% of distribution income	25% YoY DPU difference * weighted average number of units	0.02%	1%

Source: Company data, RHB

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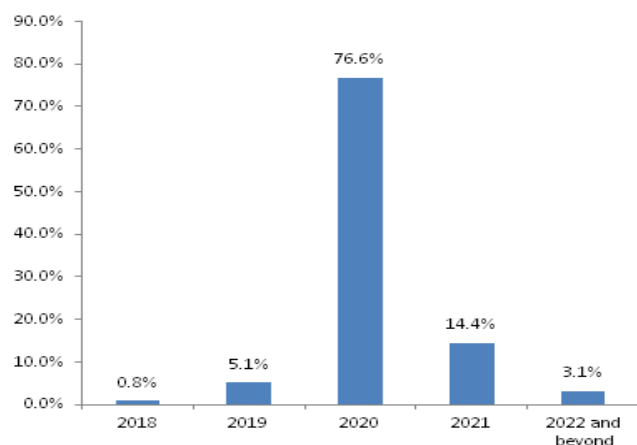
Recent inclusion in two FTSE indices is likely to boost liquidity. One of the key investor concerns about EC World has been the lack of stock liquidity. However, with more active investor engagement and education of its assets, recent-term trading volumes have been slowly creeping up – the 1-year average daily turnover: SGD0.3m.

More recently, in Sep 2018, the REIT was included as one of 20 constituents of the FTSE ST China Index and one of 48 constituents in the newly-launched FTSE ST Singapore Shariah Index. We believe this will further boost the stock's liquidity and visibility.

Lease expiry profile. As at 3Q18, the weighted average lease to expiry of EC World's portfolio is 2.2 years by NLA and 2.3 years by gross rental income. The bulk of these lease expiries are in 4Q20, when the master lease expires.

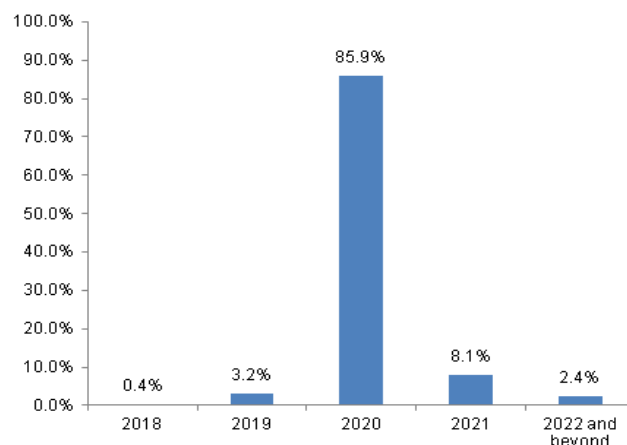
With the ramping up of master lease assets and strong sponsor synergies, we understand that Forchn is likely to extend the underlying master leases. For FY19 lease expiries, the majority are in the newly-acquired WHML – management had previously noted that the building was under-rented, with one among the two anchor tenants paying rent well below the market rate. Consequently, we expect healthy positive rental reversions for leases expiring in FY19.

Figure 14: EC World's lease expiry profile by NLA



Source: Bloomberg, RHB

Figure 15: EC World's lease expiry profile by gross rental income



Source: Bloomberg, RHB

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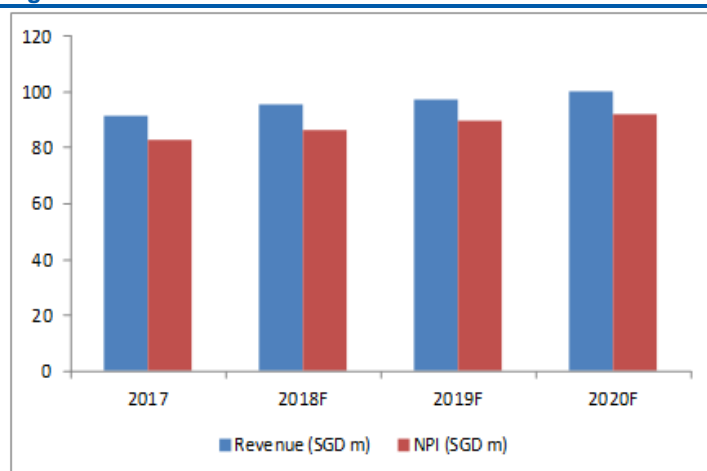
Financials

Forecasting NPI growth of 4% pa, driven by organic growth from rent escalation.

Almost all the assets – except Hengde Logistics (HL) – have in-built annual rent escalation clauses that range between 1% and 12% pa. For HL, there is a rental step-up of 10% upon renewal of its two main leases upon expiry in 2020/2021. As this is a specialised logistic asset that is leased to a reputable tenant, we believe there is a high probability of the leases being extended for another term.

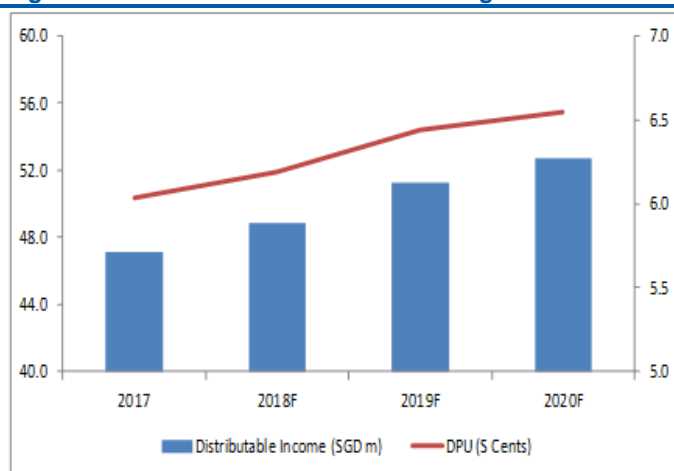
Our forecast assumes that master leases are extended at similar terms and does not assume any contributions from potential acquisitions.

Figure 16: Revenue and NPI forecasts



Source: RHB

Figure 17: Distributable income and DPU growth



Source: RHB

Figure 18: Property types and lease profiles

Property	Type	NLA (sq m)	Lease term	Rental Escalation
Stage 1 Properties of Bei Gang Logistics	E-commerce Logistics	120,449	Master lease: From 1 Nov 2015 to 31 Oct 2020	1% on 1 st Jan 2019 and 2020
Fu Heng		94,287	Master lease: 1 Jan 2016 to 31 Dec 2020	4.0% and 3.0% on 1st Jan 2019 and 2020 respectively
Wuhan Mei Luo Te ⁽⁵⁾		48,695	Multi-tenanted	Between 4.5% to 5% per annum
Hengde Logistics	Specialised Logistics	238,032	1) 15 Oct 2015 to 14 Oct 2020 2) 9 May 2016 to 8 May 2021	2 main leases. Up to 10% upon renewal
Chongxian Port Investment	Port Logistics	112,726	Master lease: 1 Jan 2016 to 31 Dec 2020	4.0% and 3.0% on 1 st Jan 2019 and 2020 respectively
Chongxian Port Logistics		125,856	Multi-tenanted	For 72% of leases: increase of 10% in first 3 years, 12% from Year 4
Fu Zhuo Industrial		7,128	1) 25 Apr 2015 to 24 Apr 2020 2) 8 Oct 2014 to 7 Oct 2029	1) 10% in first 3 years, 15% from Year 4 2) 7.5% every 3 years
Total		747,173		

Source: Company data

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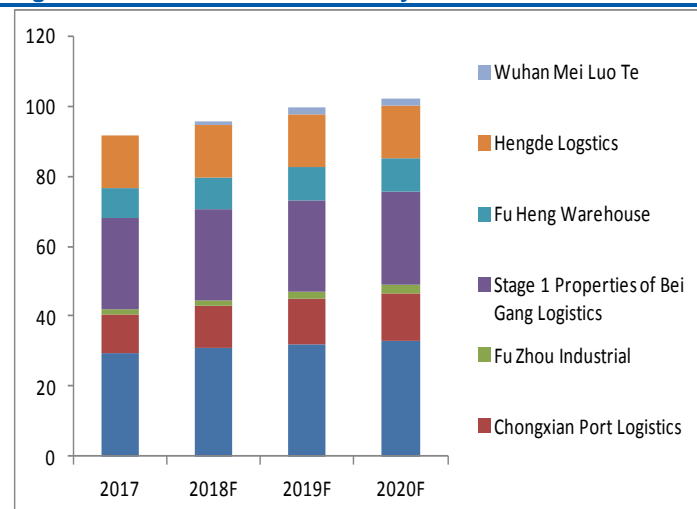
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Master leases that account for the bulk of contributions are likely to continue. EC World's three master lease assets – Chongxian Port Logistics, Bei Gang Logistics, and Fu Heng Warehouse – accounted for c.69% and 71% of revenue and NPI contributions in 2018. The master lease assets currently account for c.60% of total asset values. The current master lease terms expire in 4Q20.

While management did not disclose the exact underlying operating revenue figures for the master leases – citing confidentiality – we understand the combined three assets generate sufficient cash flows that are higher than the current master lease payments. The underlying performance has also been seeing a steady growth from occupancy and rent increases.

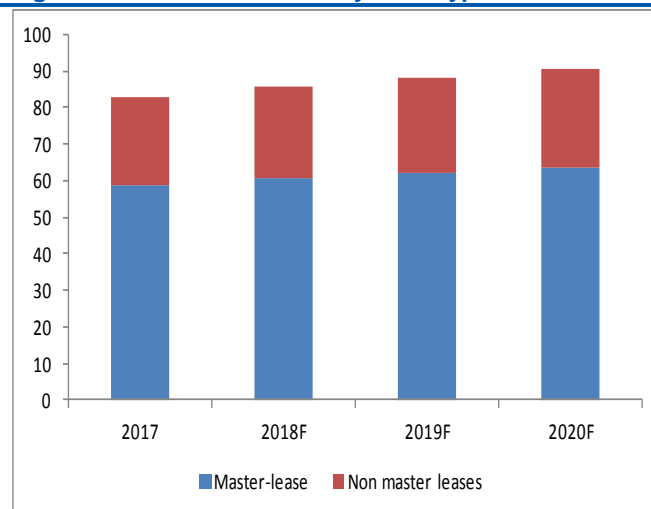
As a result, we see a good likelihood of the master leases being extended post the current lease terms. Additionally, as Forchn holds a sizable stake in the REIT (44%), we believe the continuation of the master leases will provide a win-win situation for both sponsor and REIT.

Figure 19: Revenue contribution by assets



Source: RHB

Figure 20: NPI contributions by lease type



Source: RHB

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Low gearing presents headroom for acquisitions. As at 3Q18, EC World's gearing stood at 30.7%, which is well below the maximum allowable gearing limit of 45% for S-REITs. Assuming 40% as a comfortable gearing level, this presents the REIT with debt headroom of c.SGD250m for acquisitions. Assuming a 60%/40% debt/equity mix, this presents EC World with the ability to acquire c.SGD400m worth of assets in future.

Acquisition potentials in the near term include 13 YCH logistics assets in South-East Asia and China with an estimated value of SGD400m and Forchn's pipeline asset – Fu Zhou E-commerce – which we understand have been performing well with strong end-tenant demand.

In terms of debt profile, EC world has a 50:50 mix of onshore and offshore debt and SGD100m in uncommitted revolving credit facility (RCF) with DBS Bank and United Overseas Bank. Overall, all-in interest cost of the debt is 5.4% – this includes the amortised upfront fees with onshore debt commanding a 130bps higher interest rate when compared to offshore debt.

The debt is currently maturing in July. We understand the REIT is in negotiations with the banks to extend the debt maturity. Despite the increase in interest costs, management expects these costs to be maintained at around the current levels by tweaking the debt mix of onshore and offshore debts.

FX impact. EC World maintains a rolling 6-month FX hedging strategy for its income distributions on top of the part natural hedge from the interest payments for onshore debt. On the balance sheet front, however, the REIT is subject to CNY/SGD fluctuations.

While the hedge provides mitigation for any sharp movements in the CNY against the local currency, the REIT's distribution will still be impacted if China's currency continues its depreciation path. Our current forecasts have not factored in for any currency volatilities and assume a fixed 1:5 for SGD/CNY.

Distribution payments using a standby letter of credit (SBLC) structure. EC World pays unit holder distributions by drawing down from its RCF with domestic banks. The RCF drawdowns are backed by cash deposits placed as collateral for SBLC issuances – as at Sep 2018, EC World has drawn down SGD 61.9m in short-term loans in total, which are backed by SBLC.

This structure is collateralised against a cash deposit of CNY337.7m (SGD 67.1m). By making distributions using this method, the REIT is able to save on the 5% withholding tax, which would have to be paid if it repatriated CNY.

Valuations

Initiate coverage with a BUY and SGD0.81 TP. Our 5-year DDM-based TP is derived from cost of equity (COE) of 10% (risk-free rate: 4.5%, terminal growth: 2%). We have assumed a 100% payout ratio, taking into consideration the REIT's near-term capex requirements and management fees having to be fully paid in units.

Our sensitivity analysis – for changes in TP that correspond to every 1% change in terminal growth and COE assumptions – is provided in Figure 22. Our TP corresponds to 0.9x FY2018F P/BV – we believe this is reasonably conservative, considering the positive logistics sector outlook in China. In comparison, S-REITs on average trade at 1x P/BV.

Figure 21: DDM valuation

	FY18F	FY19F	FY20F	FY21F	FY22F	Terminal Value
DPU (SGD)	6.2	6.4	6.5	6.8	7.1	90.2
Target price (SGD)	0.81					
Current Price (SGD)	0.70					
Price Upside	16%					
Distribution Yield FY18F	8.8%					
Assumptions						
Risk-free rate (%)	4.5%					
Beta	1.00					
Cost of equity (%)	10.0%					
Terminal growth (%)	2.0%					

Source: RHB

Figure 22: TP sensitivity analysis for COE and terminal growth assumptions

Terminal Growth Vs. COE	8.00%	9.00%	10.00%	11.00%	12.00%
0.0%	0.86	0.77	0.69	0.62	0.57
1.0%	0.96	0.84	0.74	0.67	0.61
2.0%	1.08	0.93	0.81	0.72	0.65
3.0%	1.26	1.05	0.90	0.78	0.70
4.0%	1.52	1.21	1.01	0.87	0.76

Source: RHB

FY19F yield of 9% among the highest in S-REITs. EC World currently offers high FY18F-19F yields of 8.8% and 9.2%, which is a good 250bps and 150bps above the average yields of S-REITs and overseas REITs. Its portfolio of logistics e-commerce assets, coupled with annual rent escalations and growth potential, makes it a value buy among overseas S-REITs.

Cheapest among the logistics REITs. Including EC World, there are four pure-play logistics REITs listed in Singapore (see Figure 4 for industrial REIT comparisons). Mapletree Logistics Trust (MLT SP, NR) is the biggest among all in terms of asset size (SGD8bn). It has a portfolio of 139 assets spread across eight countries in Asia. However, Mapletree Logistics Trust also offers the lowest yields among the logistics REITs, with Bberg consensus FY19 yield of 6.2%. It also trades at a P/BV of 1.15x.

Frasers Logistics & Industrial Trust has a portfolio of 83 assets across Australia, Germany, and the Netherlands with a total value of AUD3bn. The REIT currently trades at a consensus FY19F yield of 6.8%, 1.15x P/BV.

Cache Logistics Trust (CACHE SP, BUY, TP: SGD0.84) has a total of 26 properties (SGD1.3bn in value) across Australia and Singapore, and offers a FY19F yield of 8.6%. EC World REIT is the smallest among them, but offers the highest yields, as well as exciting growth potential.

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Figure 23: S-REITs comparison table

	Mkt cap (USDm)	3M-ADVT (USD '000)	Last price (LCY)	1D (%)	5D (%)	1M (%)	3M (%)	6M (%)	12M (%)	YTD (%)	vs 52W- low (%)	vs 52W- high (%)	P/B (x)	Div yield (FY-1)	Div yield (FY-2)	Yield Spread (%)	Gearing/ simple ave	WALE (years)	% FY-1	% FY-2
REITs (40)	65,299	104,177		0.4	2.2	1.5	0.9	0.6	(7.5)	2.2	8.9	(10.9)	1.0	6.1	6.2	4.0	35%			
Office (5)	13,333	28,046		0.6	2.1	1.2	(0.5)	2.9	(12.5)	2.3	9.7	(14.5)	0.89	5.5	5.5	3.4	36%			
CapitaLand Commercial Trust	4,961	14,501	1.80	0.0	3.4	1.7	3.4	5.9	(9.1)	2.9	11.8	(10.0)	0.99	5.0	5.0	2.9	35%	6.0	18%	27%
Suntec REIT	3,598	8,270	1.83	1.1	2.2	3.4	(1.1)	4.6	(16.4)	2.8	12.3	(18.7)	0.88	5.5	5.5	3.3	38%	3.9	11%	18%
Keppel REIT	2,898	3,750	1.16	0.9	0.9	(0.9)	(0.9)	5.5	(8.7)	1.8	7.4	(12.8)	0.83	5.2	5.2	3.0	39%	5.7	6%	9%
OUE Commercial Trust	966	564	0.46	1.1	0.0	(1.1)	(14.8)	(23.7)	(29.4)	0.0	2.2	(31.2)	0.59	7.4	7.4	5.3	41%	2.3	24%	25%
Frasers Commercial Trust	910	961	1.38	0.7	0.7	(0.7)	(3.5)	0.7	(9.2)	0.7	3.0	(11.0)	0.86	7.2	7.2	5.1	28%	4.7	13%	11%
Retail (5)	14,402	25,364		0.4	1.5	1.9	5.6	7.0	2.8	2.0	12.4	(3.1)	1.09	5.3	5.6	3.2	31%			
CapitaLand Mall Trust	6,242	16,891	2.30	0.0	1.3	1.3	8.5	10.6	9.5	1.8	17.9	(0.9)	1.13	4.8	5.2	2.7	32%	1.9	32%	26%
Mapletree Commercial Trust	3,615	5,789	1.70	0.0	2.4	3.7	6.9	6.9	1.8	3.0	11.8	(1.2)	1.14	5.4	5.4	3.2	35%	2.8	13%	10%
SPH REIT	1,958	696	1.03	2.0	2.0	2.0	3.0	3.5	(3.7)	3.0	5.1	(5.5)	1.09	5.5	5.6	3.4	26%	2.0	14%	42%
Frasers Centrepoint Trust	1,495	1,261	2.19	0.5	0.5	0.5	(1.4)	(0.9)	(3.5)	0.9	3.8	(7.2)	1.05	5.9	5.9	3.8	29%	1.7	28%	37%
Starhill Global REIT	1,092	726	0.68	0.7	0.0	1.5	(1.4)	3.8	(11.7)	0.0	7.1	(12.8)	0.75	7.1	7.4	4.9	35%	4.3	11%	14%
Industrial (10)	18,303	37,581		0.3	2.6	1.6	2.1	(0.7)	(6.7)	2.1	7.2	(8.9)	1.17	6.4	6.6	4.3	35%			
Ascendas REIT	6,022	20,915	2.63	0.0	3.1	2.3	3.1	(1.5)	(6.1)	2.3	7.3	(8.0)	1.23	6.5	6.5	4.3	33%	4.3	19%	21%
Mapletree Industrial Trust	2,726	3,751	1.95	0.0	3.2	3.2	0.5	(1.0)	(6.7)	2.1	6.0	(8.5)	1.34	6.3	6.6	4.1	35%	3.7	21%	26%
Mapletree Logistics Trust	3,435	7,957	1.30	0.0	3.2	2.4	6.6	4.0	(3.7)	3.2	10.2	(5.8)	1.15	6.1	6.2	3.9	38%	4.1	21%	19%
Frasers Logistics Trust	1,548	N.M	1.04	2.0	2.0	(1.9)	(1.0)	(2.8)	(11.2)	1.0	3.0	(11.9)	1.12	6.7	6.8	4.6	35%	6.9	3%	6%
Keppel DC REIT	1,373	2,121	1.38	0.7	1.5	0.0	1.5	1.5	(4.8)	2.2	7.8	(6.8)	1.37	5.5	5.7	3.4	32%	8.5	3%	5%
Aims AMP Capital Industrial REIT	678	679	1.34	(0.7)	0.8	(0.7)	(3.6)	(2.2)	(1.5)	0.8	3.9	(7.6)	0.98	7.8	8.2	5.7	30%	4.4	20%	24%
Cache Logistic Trust	553	796	0.70	0.7	0.0	(0.7)	(4.8)	(7.3)	(19.1)	0.7	6.9	(20.9)	1.00	8.6	8.6	6.4	34%	5.2	8%	23%
ESR REIT	1,202	832	0.52	1.0	2.0	3.0	3.0	1.0	(9.5)	1.0	9.6	(12.6)	0.76	7.6	7.8	5.4	35%	3.3	28%	16%
Soilbuild Business Space REIT	456	357	0.59	0.9	0.9	(1.7)	(1.7)	(10.7)	(15.8)	0.9	4.5	(18.8)	0.92	8.9	8.9	6.8	39%	4.0	14%	23%
Sabana Industrial REIT	310	173	0.40	0.0	1.3	(1.2)	(5.9)	(8.0)	(2.4)	2.6	5.3	(11.1)	0.76	N.M	N.M	N.M	39%	2.4	18%	21%
Hospitality (6)	6,451	4,778		0.7	1.5	(0.3)	(2.2)	(1.9)	(14.3)	1.4	4.7	(17.9)	0.88	6.6	6.9	4.5	36%			
Ascott Residence Trust	1,737	1,313	1.09	0.0	1.9	(0.9)	0.9	0.9	(12.8)	0.9	3.8	(14.2)	0.90	6.3	6.5	4.2	36%	N.A	N.A	N.A
CDL Hospitality Trusts	1,331	1,489	1.50	2.0	2.7	(0.7)	(5.7)	(3.8)	(14.3)	2.7	4.9	(18.9)	1.01	6.0	6.7	3.9	34%	N.A	N.A	N.A
Far East Hospitality Trust	847	563	0.62	0.8	1.7	1.7	(2.4)	(0.8)	(15.2)	1.7	4.2	(21.2)	0.71	6.7	6.8	4.5	40%	N.A	N.A	N.A
OUE Hospitality Trust	899	452	0.67	0.0	0.8	(1.5)	(5.0)	(13.5)	(23.0)	0.0	3.9	(27.6)	0.88	7.5	7.5	5.3	39%	N.A	N.A	N.A
Frasers Hospitality Trust	986	625	0.71	0.7	0.0	1.4	0.7	4.4	(10.1)	1.4	6.8	(13.9)	0.91	6.8	7.0	4.6	34%	N.A	N.A	N.A
Ascendas Hospitality Trust	651	336	0.78	0.6	0.6	(1.9)	(3.7)	0.0	(11.4)	1.3	5.4	(13.8)	0.78	7.4	7.6	5.1	31%	N.A	N.A	N.A
Healthcare (2)	1,741	2,002		(0.1)	(0.5)	(4.8)	(7.7)	(10.8)	(17.9)	(0.1)	4.1	(19.6)	1.32	6.2	6.4	4.1	37%			
Parkway Life REIT	1,167	1,001	2.62	(0.4)	(1.5)	(4.7)	(2.2)	(4.0)	(12.1)	(0.4)	2.3	(14.4)	1.49	4.8	5.0	2.7	38%	8.4	N.A	N.A
First REIT	575	1,002	0.99	0.5	1.5	(4.8)	(18.9)	(24.4)	(29.8)	0.5	7.6	(30.3)	0.98	8.9	9.2	1.0	35%	8.8	N.A	N.A
Overseas - commercial (12)	11,070	6,406		0.4	3.3	2.9	(2.4)	(5.0)	(10.7)	3.3	9.4	(14.4)	0.79	6.9	7.1	4.72	34%			
Dasin Retail Trust	357	476	0.87	0.0	1.8	0.6	1.2	0.6	(0.6)	0.6	5.5	(4.9)	0.57	8.6	8.9	5.4	33%	3.9	20%	10%
EC World REIT	408	116	0.70	0.7	1.4	1.4	(1.4)	(2.1)	(9.1)	1.4	3.7	(11.4)	0.73	8.7	9.1	5.5	31%	4.3	14%	16%
Fortune REIT	2,284	77	9.28	0.3	3.3	0.8	(0.3)	1.0	(2.9)	4.2	8.4	(6.3)	0.58	5.6	5.8	3.8	22%	N.A	44%	30%
Mapletree Greater China Commercial Trust	2,704	4,043	1.16	0.9	2.7	1.8	3.6	0.9	(7.9)	1.8	8.4	(9.4)	0.88	6.5	6.6	4.6	39%	3.0	24%	21%
CapitaLand Retail China Trust	1,003	1,102	1.39	0.0	1.5	0.0	(2.8)	(6.7)	(15.8)	2.2	4.5	(17.8)	0.81	7.5	7.5	4.3	36%	2.9	25%	21%
Lippo Malls Indonesia Retail Trust	408	564	0.19	1.6	6.0	(3.0)	(23.9)	(38.4)	(51.5)	6.6	7.8	(54.4)	0.70	12.9	12.9	5.0	37%	3.8	12%	19%
Manulife US REIT	1,054	558	0.83	1.2	7.1	7.8	4.4	(3.5)	(11.8)	7.1	18.7	(15.4)	1.01	7.3	7.3	4.6	37%	6.0	10%	8%
BHG Retail REIT	269	13	0.73	0.0	1.4	(0.7)	5.1	(0.7)	(5.8)	1.4	13.3	(12.7)	0.93	N.M	N.M	N.M	33%	4.0	30%	14%
Keppel-KBS US REIT	528	625	0.65	0.8	8.4	15.2	(12.5)	(21.5)	(25.0)	5.7	21.7	(25.8)	0.77	16.4	9.3	13.8	33%	3.8	14%	16%
Sasseur REIT	582	617	0.67	0.0	3.9	0.8	(6.3)	0.8	N.M	3.1	4.7	(17.3)	0.80	0.0	7.3	-3.2	33%	1.3	39%	10%
Cromwell European REIT	1,133	772	0.46	(1.1)	1.1	8.3	(15.3)	(18.1)	(16.7)	3.4	11.0	(22.6)	0.86	9.4	9.7	9.2	33%	5.0	12%	12%
I-REIT Global	340	49	0.73	0.7	1.4	(0.7)	(3.3)	(3.9)	(8.8)	0.7	2.8	(11.5)	1.05	N.M	N.M	N.M	39%	5.9	1%	4%

Note: *Closing price as at 6 Jan 2019

Source: RHB, Bloomberg

Key Risks

Non-renewal of master leases

EC World's distributable income is highly reliant on the continuation of its master leases. The non-renewal of such leases may adversely impact distributions, due to potentially lower rental income/occupancies and higher expenses.

Non-renewal of land use rights

The underlying land use rights of the properties will expire within the 2052-2059 period. While the REIT is likely submit for an extension of land use rights to the Chinese Government, there is no guarantee they will be granted. Additionally, if it gets an extension to the land use rights, there are uncertainties over the quantum of land grant premiums that EC World will have to pay, as well as the additional conditions that may be imposed.

FX impact

EC world's income and assets are subject to CNY/SGD fluctuations. While the REIT typically undertakes rolling hedges for its distributable income, a continued depreciation of the CNY against the SGD will have an adverse impact on distributable income. On the balance sheet front, the depreciation of China's currency will have a negative impact on net asset value.

Asset concentration risk

EC World's assets are currently concentrated in Hangzhou and, as such, are subject to economic growth and property market conditions of the local market. Consequently, increased market supply locally, lower e-commerce and logistics demand, and changes in local government regulations could adversely impact the REIT.

Regulation and property tax changes

EC World's assets are subject to local real estate taxes. In China, certain tax treatments – where the prevailing PRC tax rules have not been clearly stated – are subject to the discretion/practice of local tax bureaus on a case-by-case basis. As a result, if there are any increases in property taxes, this will negatively impact distribution.

Compulsory asset acquisition

Under the laws and regulations of the PRC, there are various circumstances under which the Chinese Government is empowered to acquire some of the properties. In the event of any compulsory acquisition – and if the compensation paid for the compulsory acquisition is less than the market value of the relevant property – such exercises should have an adverse effect on the REIT.

Non-extension of the sunset clause for tax exemptions

Based on current REIT regulations, foreign-sourced income is currently tax-exempted for REITs. This sunset clause will expire in Mar 2020. While we believe there is a high probability that this will be extended beyond the current term and made permanent, the non-extension of tax exemption will have a negative impact on REITs with foreign assets – this includes EC World.

Industry Outlook: Logistics Market In China

Rapid growth, increased consumption and universally low vacancy rates

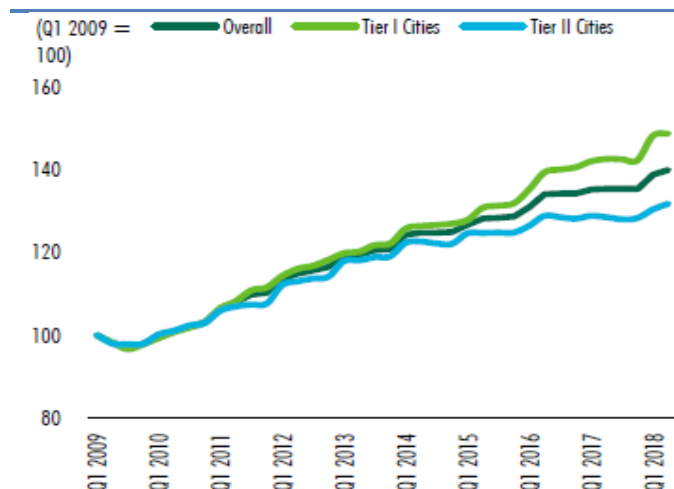
With the Chinese logistics sector estimated to touch USD43.5trn in 2018, we think this industry is one of the more attractive industrial subsectors to date. We believe the logistics market will maintain its growth momentum due to the following drivers:

- The consumption boom will continue to drive demand for logistics services, especially with the explosive growth of e-commerce led by Alibaba and JD.com;
- There is a massive room for expansion in China, as the logistics sector continues to face space shortages;
- The logistics sector offers sustainable long-term opportunities, as China tries to meet the insatiable demand for high-tech logistics infrastructure and a cohesive transportation network.

High-standard supply fell to a historical low in 2Q18. According to a report by CBRE, the new high-standard warehouse supply among 16 cities in China fell to a historical low: just 280,000 sq m of new space was completed, with new NLA confined to cities like Nanjing, Chongqing, and Ningbo. With the primary geographical focus in Hangzhou and Wuhan – which are both located away from the aforementioned cities – we are positive that EC World is able to maintain its industry competitiveness in the foreseeable future.

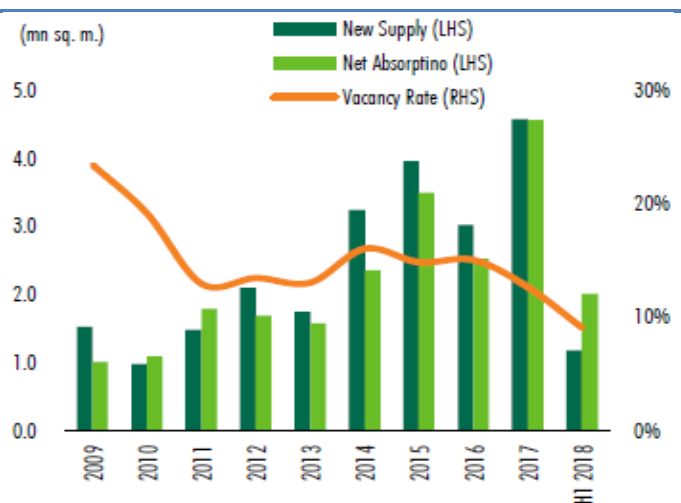
Overall logistics rental index continues to increase. On a QoQ basis, the logistics rental index continued to rise in Tier-I and Tier-II cities, as well as the industry average as a whole. While the rental for logistics facilities in Tier-I cities have risen above average, the rentals in Tier-II cities have also shown steady and quicker growth. This is as more companies continue to move for cheaper alternatives and are more flexible in their choices of logistics hubs. In fact, logistics space new supplies have decreased up to YTD 2018, while vacancy rates have also continued to drop.

Figure 24: Logistics Rental Index



Source: CBRE, Euromonitor

Figure 25 : Logistics supply & demand



Source: CBRE, Euromonitor

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Opportunities in Tier-II cities. While domestic occupiers primarily focus on Tier-I cities, their Tier-II counterparts have become increasingly attractive. This is because spaces in the former are now almost fully occupied. For instance, demand in coastal cities like Shenzhen has now spread to inner cities like Zhaoqing, Jiangmen, and Zhuhai, with increased occupiers in Tier-II cities peaking at 60%.

Many companies are now more open towards considering China's inner cities as their hubs, as the PRC continues to improve and strengthen its existing logistics and centres hubs while creating new ones.

Figure 26: E-commerce continues to be a key driver

Figure 27 : Growth of orders and warehouse spaces



Source: CBRE, Euromonitor

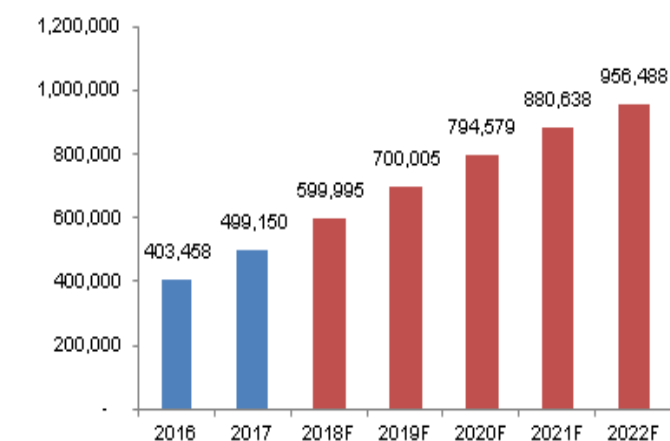


Source: CBRE, Euromonitor

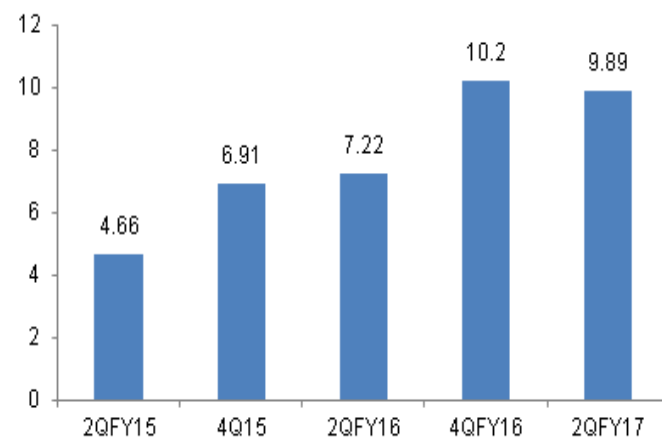
The rise of e-commerce catalyses the growth in the logistics sector. Online retail sales have consistently grown between 30% and 40% in the last three years. In 2017 alone, more than 50% of prime warehouse space demand originated from e-commerce companies and/or their related third-party logistics providers. According to Euromonitor, online retail sales in China will record a YoY growth of 28% in 2018, which should further enhance demand for warehouse and logistics facilities.

Figure 28: Gross merchandise value of e-commerce

Figure 29 : Growing number of parcel deliveries (billions)



Source: Statista



Source: Nikkei Asian Review

E-commerce facilities are now a need. On a YoY basis, it is expected that the gross merchandise value of e-commerce will grow at a rate of between 20% and 25%, prompting leasing demand to increase from logistics providers like EC World.

However, several e-commerce firms have also taken steps to build their own logistics facilities, and several have recently moved into their own self-built facilities. While this is a risk, the sponsor's expertise in e-commerce supply chain mitigates this, in our view.

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New development solutions arise from scarcity of logistics land. The scarcity of logistics land in Tier-I and -II cities promotes the creation of new development models. There is an increasing trend for multi-storey and smart warehouses to reduce warehouse and manpower costs, and increase operational efficiencies.

Major e-commerce and logistics firms – including Cainiao and JD Logistics – have invested heavily in smart warehouses, accelerating the adoption process to the point where some warehouses are even unmanned.

Figure 30: Growing supply of multi-storey warehouses



Note: As at 4Q17
Source: CBRE Research

Figure 31 :Smart warehouses provide a cost-efficient solution



Note: As at 4Q17
Source: CBRE Research

Positive rental forecast in the near term. According to a report by CBRE Research, while prime warehouse rent in Tier-I cities are expected to register commendable growth, strong demand will continue to drive up rent in China's Tier-II eastern cities by approximately 0.9-2.3%. Central and western cities like Wuhan and Chongqing, meanwhile, are facing a supply peak, but the rapid increase in demand and limited new supply in 2019 should result in slower rental declines.

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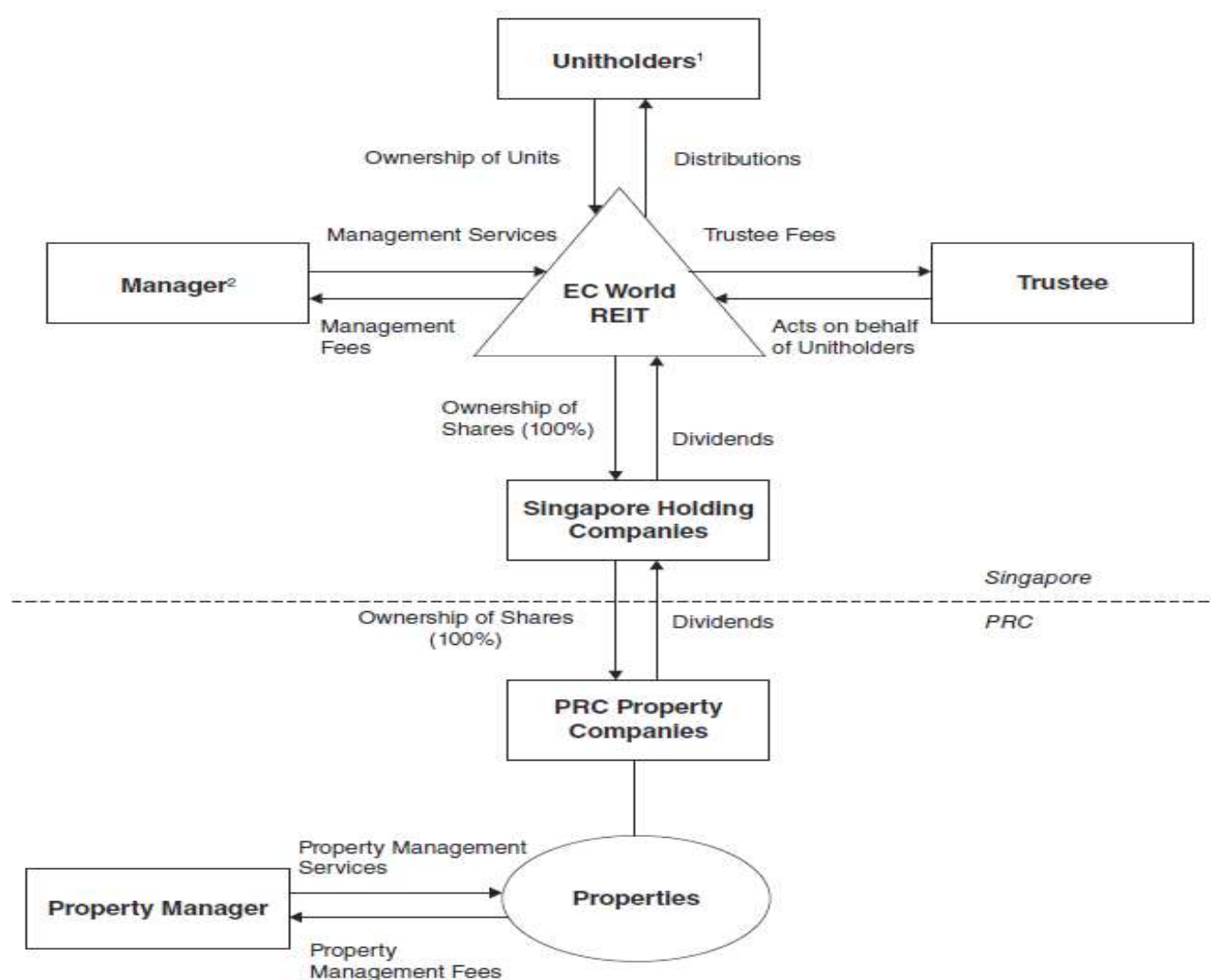
Company Background & Structure

EC World is a Singapore-based industrial REIT that was listed on the Main Board of the SGX on 27 Jul 2016:

- i. EC World Asset Management – a wholly-owned subsidiary of sponsor Forchn – is the manager of REIT;
- ii. DBS Trustee acts as the REIT's trustee;
- iii. Property manager Yuntong Property Management is a Forchn subsidiary that is responsible for providing property and lease management, marketing, and property maintenance and repair services for the properties under the portfolio.

The following diagram illustrates the relationship between EC World, the manager, trustee, property manager, and unit holders.

Figure 32: EC World's trust structure



Notes:

- (1) The Sponsor shall be a controlling Unitholder of EC World REIT as at the Listing Date through its interest in the Sponsor Units.
- (2) The Manager is a wholly-owned subsidiary of the Sponsor.

Source: Company

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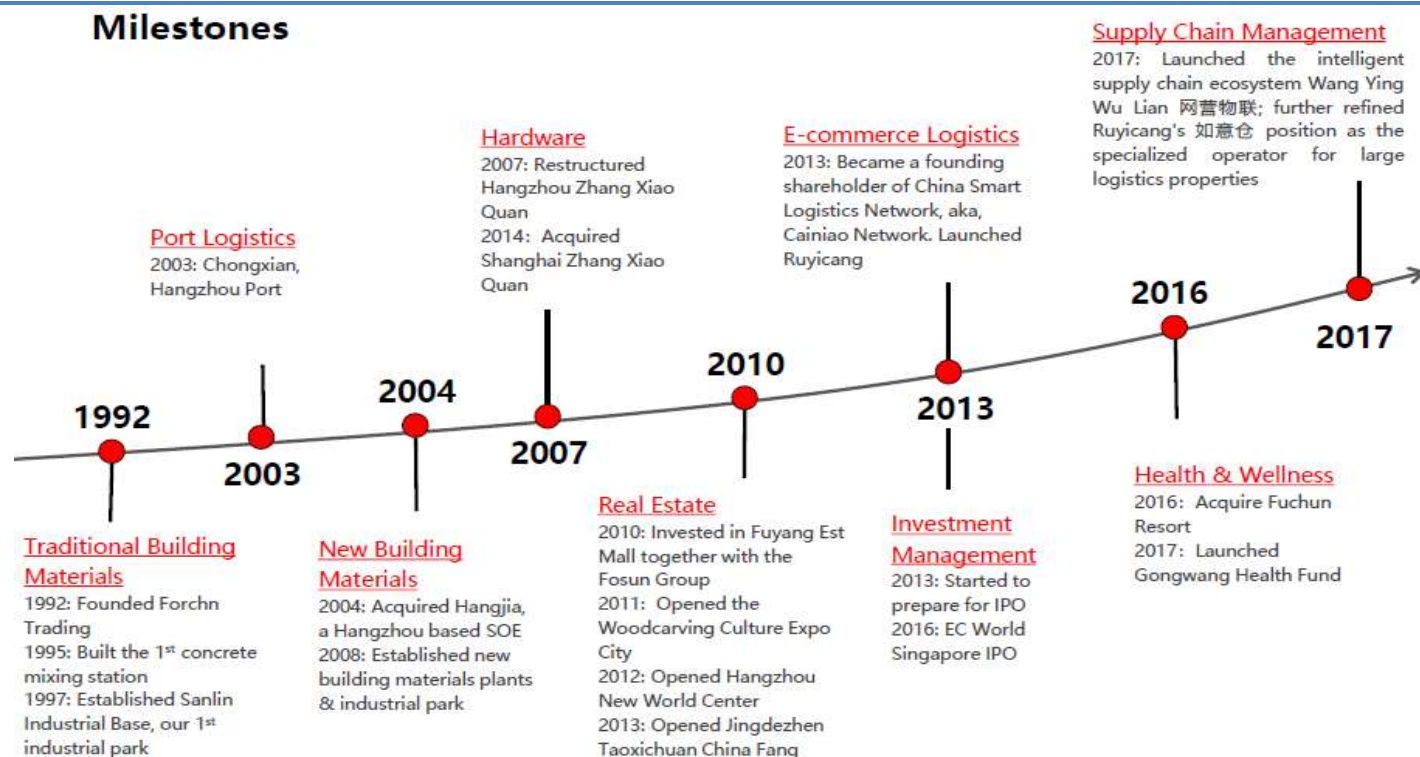
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Sponsor Details

Forchn is a diversified enterprise group specialising in the real estate, industrial, e-commerce, logistics, and finance sectors. The sponsor was established in 1992 and is headquartered in Shanghai.

Forchn has extensive construction and operational experience in the logistics industry, and has independently invested over CNY5bn in Zhejiang Province. This includes investments in and construction of the Chongxian Port facility – which is recognised as a key construction project by the Chinese Government at both provincial and national levels. It is also ranked among China's Top 3 inland ports by scale (excluding those along the Yangtze River). Forchn is an operator of the Chongxian Port facility.

Figure 33: Forchn's milestones



Source: Company, RHB

An early entrant in Chinese e-commerce revolution. Forchn was one of the founding members of the Cainiao Network (菜鸟网络科技), which was formed by Alibaba and eight other logistics companies. To leverage on the growth of the e-commerce market, the company launched RuiYiCang (如意仓), an integrated smart warehouse logistics services platform that provides one-stop logistics services to domestic and international customers.

To strengthen RuiYiCang's position as a specialised operator for large logistics properties, Forchn launched Wang Ying Wu Lian (网营物联), an intelligent supply chain ecosystem to integrate industries and consumers in major cities.

Taking the lead. The company was the first PRC logistics and e-commerce operator to be listed, and its e-commerce logistics assets – via EC World – is China's first privately-owned REIT listed in Singapore. Forchn is also one of the pioneering Chinese brands to be recognised by China's Ministry of Commerce and has been acknowledged for its national intangible cultural heritage in manufacturing hardware.

Strong brand recognition. Some of the notable awards and accolades Forchn has received include the Shanghai Famous Brand Award (上海名牌), Top 10 Zhejiang Returnee Investment Model Enterprise (十大回乡投资模范浙商), and Top 100 Private Enterprises in Shanghai 2015 (2015 年度上海民营企业 100 强). The company has also developed culture and commercial properties that have won "Best Cultural Industry Heritage" and "China Redwood Furniture Special Influence" accolades.

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Key Management Information

Reputable board and management add credibility. Forchn non-executive chairman and founder Zhang Guobiao is also the executive vice chairman of the Zhejiang Chamber of Commerce. Independent director Chan Heng Wing (lead independent director) is also an independent director with Fraser & Neave and Banyan Tree.

Independent director Chia Yew Boon previously worked at GIC and Boustead, while independent director David Wong See Hong was a former Bank of China deputy CEO. The strong board lends confidence in terms of corporate governance matters.

Figure 34: EC World's management background

Management Name	Designation	Past Achievements	Current Positions
Zhang Guobiao	Chairman and non-executive director	<ul style="list-style-type: none"> Founder of Forchn Led the acquisition and modernisation of one of the key inland ports in the PRC mainly Chongxian Port in Hangzhou Spearheaded the acquisition and restructuring of a provincial state-owned enterprise, Hangzhou Zhang Xiao Quan Expanded Forchn overseas by sponsoring EC World REIT on its listing on the Main Board of the SGX in 2016 	<ul style="list-style-type: none"> Chairman of sponsor Forchn Executive vice chairman of Zhejiang Chamber of Commerce (Shanghai)
Chan Heng Wing	Independent non-executive director & lead independent director	<ul style="list-style-type: none"> Ambassador to Thailand Consul-General to Hong Kong and Shanghai Chief representative of Temasek in China Managing director for international relations in Temasek International Singapore 	<ul style="list-style-type: none"> Non-Resident Ambassador to the Republic of Austria Independent non-executive director of Banyan Tree, Frasers Property, and Fraser & Neave Director of Precious Treasure and Precious Quay Senior Advisor of the Milken Institute Asia Centre
Dr Wong See Hong	Independent non-executive director	<ul style="list-style-type: none"> Deputy chief executive of the Bank of China (Hong Kong) Director of BOC Group Life Assurance Chairman of BOC International Prudential Trustee Chairman of BOCHK Asset Management Corporate executive vice president and country executive of ABN AMRO Bank Board member of Energy Market Authority Board member of the Civil Service College Singapore 	<ul style="list-style-type: none"> Chairman of Halftime (HK) Finance management committee member of the Hong Kong Management Association Independent non-executive director of China Merchant Bank, Frasers Hospitality Asset Management, and Frasers Hospitality Trust Management Independent non-executive director of Tahoe Life Insurance
Li Guosheng	Independent non-executive director	<ul style="list-style-type: none"> Technical manager of China Enersave President of the Zhejiang (S) Entrepreneurs Association 	<ul style="list-style-type: none"> Managing director of Horizonline Managing Director of Ningbo Horizonline Technologies Director of Sanhua International Singapore Director of Sanhua Trading
Chia Yew Boon	Independent non-executive director	<ul style="list-style-type: none"> Director of business development at Boustead Singapore Chief executive officer of EasyCall International Senior VP of GIC Special Investments 	<ul style="list-style-type: none"> Managing director of Catalyst Advisors and Catalyst Advisors International Senior advisor of Atlas Financial Solutions Independent non-executive director of Technovator International
Goh Toh Sim	Executive director and CEO	<ul style="list-style-type: none"> Chief representative in China for Keppel Corp Chief executive officer of Evergro Properties Chief executive officer of Ascendas (China) Deputy chief executive officer of China-Singapore Suzhou Industrial Park Development 	<ul style="list-style-type: none"> Executive director and CEO of EC World REIT
Johnnie Tng Chin Hwee	CFO	<ul style="list-style-type: none"> VP - corporate finance at RGM International 	
Jinbo Li	Head of investment	<ul style="list-style-type: none"> Corporate advisory - Deutsche Bank and Standard Chartered 	

Source: Company, RHB

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Appendix: EC World's Assets Summary

Figure 35 : EC World's portfolio – ports

Chongxian Port Investment



Fuzhou Industrial



Property type	Port	Port
Location	Hangzhou City	Hangzhou City
NLA (sq ft)	1,213,371	76,725
Number of tenant(s)	1	2
Committed occupancy	100%	100%
Carpark lots	Nil	45

Source: Company data

Figure 36 : EC World's portfolio – warehouses

Chongxian Port Logistics



Wuhan Mei Luo Te



Property type	Warehouse	E-commerce warehouse
Location	Hangzhou City	Wuhan
NLA (sq ft)	1,354,701	524,148
Number of tenant(s)	22	4
Committed occupancy	100%	88.20%
Carpark lots	238%	Nil

Source: Company data

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Figure 37 : EC World's portfolio – e-commerce properties

Stage 1 Properties of Bei Gang Logistics

Fu Heng Warehouse



Property type	E-commerce property	E-commerce property
Location	Hangzhou City	Hangzhou City
NLA (sq ft)	1,296,501	1,014,896
Number of tenant(s)	1	1
Committed occupancy	100%	100%
Carpark lots	1,278	730

Source: Company data

Figure 38 : EC World's portfolio – specialised logistics

Hengde Logistics



Property type	Large-scale specialised logistics
Location	Hangzhou City
NLA (sq ft)	2,562,153
Number of tenant(s)	2
Committed occupancy	100%
Carpark lots	1,452

Source: Company data

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KUALA LUMPUR

RHB Research Institute Sdn 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.
12th 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

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