

Tropicana Corporation

TRCB MK / TROP.KL

NOT RATED

➤ **Market Cap**
US\$580.2m
 RM1,899m

➤ **Avg Daily Turnover**
US\$0.69m
 RM2.27m

➤ **Free Float**
29.5%
 1,366 m shares

Current	RM1.39
Target	N/A
Prev. Target	N/A
Up/Downside	N/A

CIMB Analyst(s)



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Company Visit	☒	Expert Opinion	☐
Channel Check	☐	Customer Views	☐

Share price info

Share price perf. (%)	1M	3M	12M
Relative	1.4	13.6	-20.4
Absolute	2.2	13	-9.8
Major shareholders		% held	
Tan Sri Dato' Danny Tan		70.5	
Berjaya Corporation		3.0	

A developer to be reckoned with

Tropicana has gone through some ups and downs in the past few years as it sought to stamp its mark on the property sector. It has grown rapidly and aggressively while beefing up its management team. With a massive GDV landbank of RM77bn, it is becoming too big to ignore.

Valuations are very attractive due to the share price sell-down on perceived conflict of interest issues. Applying a 30-40% discount to its fully diluted RNAV of RM5.11, the lower end of our discount range and in line with discounts accorded to smaller-cap property stocks, we get a valuation range of RM3.07-3.58 for Tropicana. This would offer investors substantial upside of 121-158%.

Tropicana has come a long way ➤

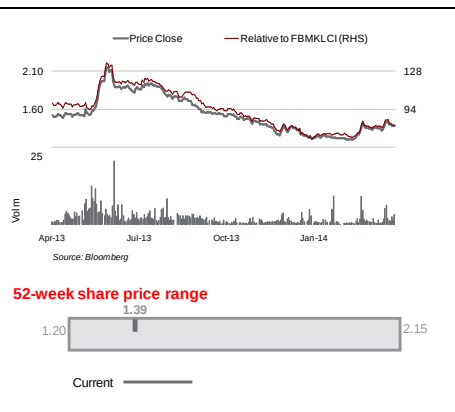
In just 3-4 years, Tropicana has accumulated landbank with a massive GDV of RM77bn including sizeable strategic landbank in the Klang Valley, Iskandar Malaysia and Penang. Its GDV puts it second only to UEM Sunrise. Tropicana has also boosted its new sales from a mere RM429m in 2011 to RM2.17bn in 2013, in the process lifting its net profit from RM77m to RM378m. However, its market cap of only RM1.9bn puts its GDV to market cap ratio at 41x, the highest in the property sector.

Management beefed up ➤

To sustain its strong sales and profitability growth, Tropicana has added several key management personnel with vast experience in property development and corporate strategy. Its transformation blueprint includes 1) unlocking value through development and land sales, 2) de-gearing and 3) strategic partnerships, which are potential significant re-rating catalysts.

Conflict of interest concerns to be addressed? ➤

Tropicana's emergence as a developer to be reckoned with was interrupted by the surprise move by its major shareholder Tan Sri Danny Tan to inject private landbank in Iskandar Malaysia into Singapore-listed Albedo. As a result, its share price took a big hit, falling 44% from its highs last year. We believe management will endeavour to address any corporate governance concerns and implement industry best practices to regain investor confidence. Any move to eliminate conflict of interest concerns would be viewed very positively by investors.



Financial Summary

FY Dec	2009	2010	2011	2012	2013
Revenue (RM m)	311.8	282.3	375.2	630.4	1,475.5
EBITDA (RM m)	72.3	54.5	109.6	252.2	462.2
EBITDA margins (%)	23.2	19.3	81.6	40.0	31.3
Pretax profit (RM m)	72.1	53.4	99.2	224.9	503.6
Net profit (RM m)	50.5	43.2	77.0	171.1	378.4
EPS (sen)	18.8	9.5	16.4	32.5	34.3
EPS growth (%)	41.4	(49.5)	72.8	97.8	5.6
P/E (x)	7.7	15.3	8.8	4.5	4.2
Net DPS (sen)	-	3.8	2.3	4.8	4.5
Dividend yield (%)	-	2.6	1.6	3.3	3.1
P/NTA (x)	0.8	0.7	0.6	0.5	0.6
ROE (%)	6.0	4.4	7.4	8.2	14.7
Net gearing (%)	(17.9)	(3.0)	83.9	77.1	55.3

SOURCE: CIMB, COMPANY REPORTS

1. BACKGROUND

1.1 Very aggressive expansion ►

We first met Tropicana's major shareholder and Group Executive Vice Chairman Tan Sri Danny Tan in 2011 when the company embarked on a landbanking spree. We were keen to find out then why the company had suddenly become so active in the property scene and why it was willing to pay top dollar for large tracts of land. Tan Sri said that there was no point doing things half-heartedly and that if Tropicana wanted to be serious about property development, it should go all out. At that time, we had reservations about whether Tropicana could pull off the aggressive expansion plan as it was not in the same league as the SP Setias and Mah Sings of this world which had steadily built up their landbank and reputations over many years.

Figure 1: Major landbanking efforts since 2010

	Location	Development type	Size (acres)	Cost (RM m)	Cost (RM psf)	Original GDV (RM m)
1	Aug-10 Danga Bay, Iskandar	Mixed development	37.0	308.0	190.00	3,800
2	Jun-11 Subang, Selangor	Mixed development	88.5	385.5	100.00	2,500
3	Aug-11 Pulau, Johor	Mixed development	227.0	220.0	22.25	2,800
4	Sep-11 Kajang, Selangor	Mixed development	198.5	228.0	26.37	2,000
5	Nov-11 Penang island*	Mixed development	102.6	1,072.2	240.00	10,000
6	Jun-12 Pulau, Johor	Mixed development	55.1	105.1	43.80	NA
7	Feb-13 Johor Bahru	Hotel & residence	6.0	85.9	330.00	3,700
8	Apr-13 Canal City, Selangor*	Mixed development	1,172.0	1,297.3	25.41	8,600
9	Sep-13 Pulau, Johor	Mixed development	256.5	366.6	32.80	6,400
10	Dec-13 Senibong, Johor	Mixed development	60.0	444.3	170.00	3,700
Total			2,203.2	4,512.8	47.02	43,500

Note * Penang and Canal City land is staggered payment

SOURCES: CIMB, COMPANY REPORTS

Three years on, these are our views of the company 1) its aggressive landbanking has paid off in spades as land prices in Malaysia over the past 2-3 years have surged due to strong appreciation of physical property prices during that period, 2) the company has managed to beef up its management team to meet its staffing requirements and has brought on board professionals with much experience in property development and corporate strategy, and 3) its share price has been very volatile as its big ambitions and successful push for new sales have boosted investor interest but investors have also fretted over corporate governance issues due to the perceived conflict of interest on the landbanking front with Tan Sri Danny's private side.

1.2 Landbank with big potential ►

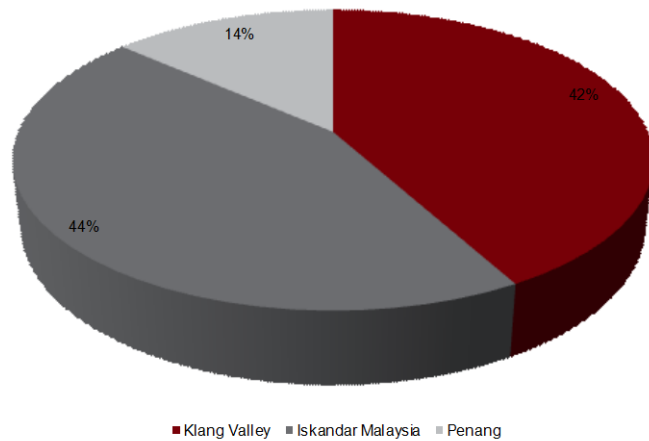
Tropicana has 1,710 acres of landbank in Malaysia with undeveloped GDV of a massive RM77bn. This places the group second only to UEM Sunrise for companies under our coverage. The bulk of its landbank was acquired only in the last 3-4 years. At the time of acquisition, Tropicana paid market prices or even premiums to secure the land. However, in retrospect, the prices paid for the land can be considered cheap. Take for example the group's 37 acres in Danga Bay. The land was acquired for RM190 psf in 2010 while the most recent transaction reached close to RM1,000 psf. Tropicana was right in being aggressive in landbanking over the past few years. Location-wise, Tropicana's landbank in terms of GDV is almost evenly spread between the Klang Valley and Iskandar Malaysia, with Penang at a much lower 14%.

Figure 2: Landbank and GDV

Type	Location	Acres	GDV (RM m)
Tropicana Aman	Canal City, Selangor	440.0	13,000
Tropicana Cove	Iskandar Malaysia	227.0	12,140
Penang World City	Penang island	102.6	10,086
Tropicana Danga Bay	Iskandar Malaysia	37.3	8,370
Tropicana Metropark	Subang, Selangor	88.5	7,165
Gelang Patah (Pulai) - Parcel 2	Iskandar Malaysia	256.6	6,440
Senibong Waterfront	Iskandar Malaysia	60.0	3,673
Tropicana City Centre	Jln Tun Razak, JB	21.9	3,602
Tropicana Gardens	Kota Damansara, Selangor	19.3	2,744
Tropicana Danga Lagoon	Iskandar Malaysia	62.2	2,500
Tropicana Heights	Kajang, Selangor	198.5	1,726
TDB Hotel & Residences	Iskandar Malaysia	6.0	1,336
W KL Hotel & Residences	Kuala Lumpur	1.3	1,150
Tropicana Bukit Bintang	Kuala Lumpur	3.1	1,140
Other land bank	Malaysia	186.2	2,555
Total		1,710.46	77,627

SOURCES: CIMB, COMPANY REPORTS

Figure 3: Undeveloped GDV by location



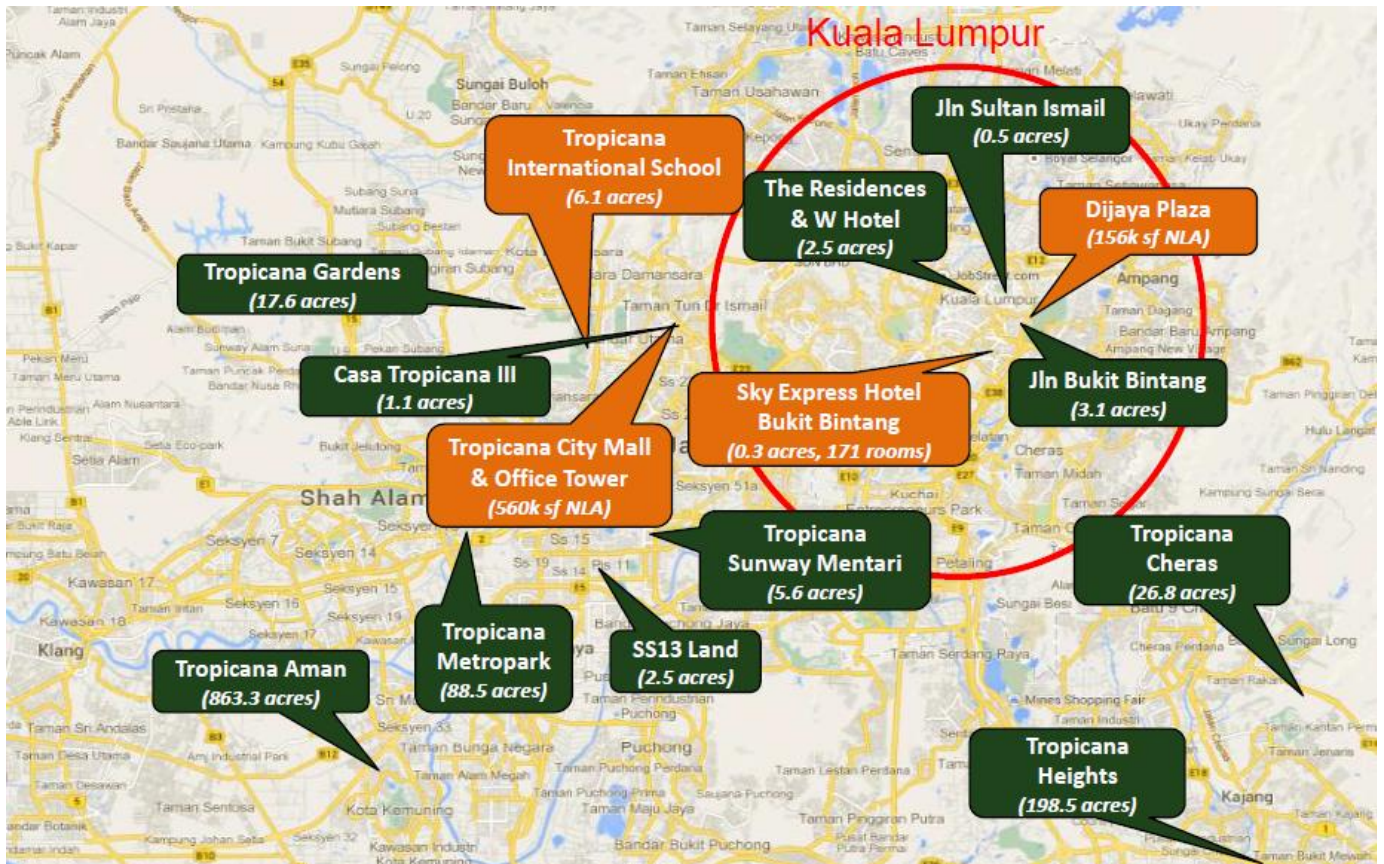
SOURCES: CIMB, COMPANY REPORTS

Figure 4: Developers compared

Sales	Sales (RM m)		GDV (RM bn)	Landbank (acres)	2013 Unbilled sales (RM m)
	2012	2013			
E&O	790	530	40	1,471	720
Mah Sing	2,500	3,000	27	1,588	4,400
SP Setia	4,230	8,240	75	5,329	9,640
UEM Sunrise	2,460	3,000	80	11,728	4,100
UOA Dev	1,710	2,000	18	114	1,300
Tropicana	968	2,167	77	1,710	2,180

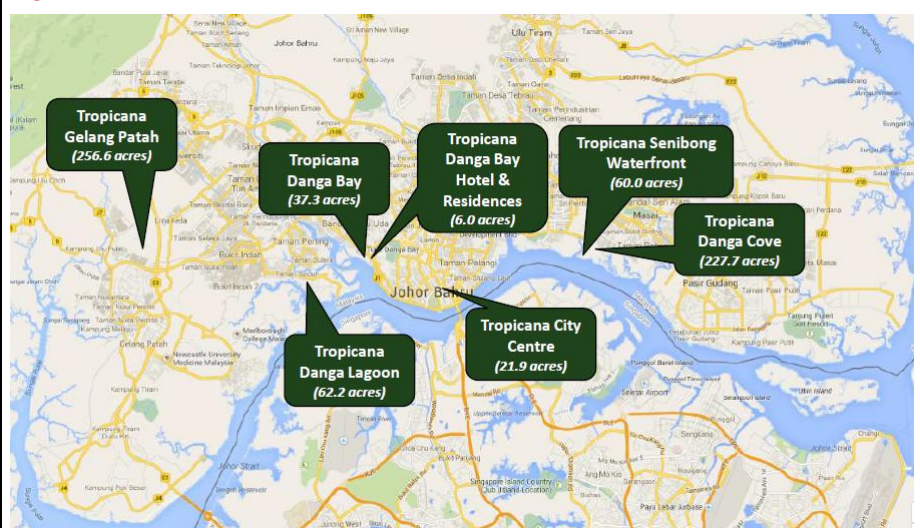
SOURCES: CIMB, COMPANY REPORTS

Figure 5: Klang Valley landbank



SOURCE: CIMB RESEARCH, COMPANY

Figure 6: Johor landbank



SOURCE: CIMB RESEARCH, COMPANY

Figure 7: Penang landbank



SOURCE: CIMB RESEARCH, COMPANY

We would consider most of the group's landbank to be strategically located. Its largest project with the highest GDV (RM13bn) is Tropicana Aman, which is adjacent to IJM Land's hugely popular 1,879-acre Bandar Rimbau township. Tropicana recently sold 308 acres out of the 748 acres of net land available for development there to Eco World Development, an up-and-coming developer with some of the most capable property people (mostly ex-SP Setia) behind it. Eco World's presence will add value and enhance the attractiveness of the location to buyers. Tropicana's major landbank in Penang, the 103-acre Penang World City with a GDV of RM10bn, is located south of the Penang Bridge and in a new growth corridor due to the opening of the Second Penang Bridge.

Figure 8: Tropicana Metropark (Subang)



SOURCE: CIMB RESEARCH, COMPANY

Figure 9: Tropicana Heights (Kajang)



SOURCE: CIMB RESEARCH, COMPANY

Figure 10: Tropicana Danga Bay



SOURCE: CIMB RESEARCH, COMPANY

Figure 11: Tropicana Danga Cove



SOURCE: CIMB RESEARCH, COMPANY

1.3 Professional management beefed up ►

In Mar 2011, Edmund Kong Woon Jun was appointed to the board as executive director and was recently promoted to group managing director in charge of operations. Mr Kong has over 20 years experience in property development and was the director of project and product planning of the incredibly successful Desa ParkCity project in 2003-08. In Jan 2013, Dato' Yau Kok Seng was brought on board as Group CEO. Dato' Yau, a chartered accountant, was with the diversified Sunway Group for nearly 20 years. In Mar 2014, KC Kok joined Tropicana as group managing director, in charge of corporate and strategy. Mr. Kok was with the CIMB Group for 10 years in various senior roles. Tropicana's strategy of hiring experienced people and rewarding them well is necessary to build capacity and knowhow quickly in order to unlock the value of the group and ensure sustainable growth.

Tropicana's transformation blueprint was established in 2013 and involves five key initiatives 1) unlocking value through development, 2) unlocking value through land sales, 3) de-gearing, 4) strategic partnerships, and 5) enhancing corporate identity via rebranding. We view the strategy of the blueprint positively as we agree the company needs to de-gear its balance sheet and can do so now that much of the landbank it has acquired over the past few years has gone up significantly in value. The relatively cheap landbank also gives the group an advantage in terms of competitive pricing and higher margins for property development and quick cash inflow for outright land sales. Also, we welcome the potential sale of investment properties as that would not only help pare down borrowings but also boost ROA and create a more asset-light structure.

Figure 12: Transformation blueprint

Unlocking Value Through Development

- Realising value of our sizeable landbank
- Accelerating inventory sales and fast tracking new launches
- Enhancement of profit margin through value engineering; and harnessing synergies via centralised procurement and shared services

Unlocking Value Through Land Sales

- Pursue land sale opportunities to accelerate and enhance returns to shareholders
- Target sustainable disposal strategy to generate recurring income stream

De-Gearing Initiatives

- Accelerate de-gearing via disposal of land parcels and non-core investment assets
- Target to achieve long term net gearing of < 0.5x

Strategic Partnerships

- Forming strategic partnerships at projects level to accelerate growth

Enhance Corporate Identity Via Re-Branding Exercise

- Official name change to Tropicana Corporation Berhad
- Current & future projects to carry common Tropicana brandname
- Improve brand equity to command premium product pricing
- Concurrent IR rebranding to institutionalize shareholders base

SOURCES: CIMB, COMPANY REPORTS

The assets that Tropicana is considering disposing include the Tropicana City Mall and the adjacent office tower as well as Plaza Dijaya in Kuala Lumpur worth over RM700m. It is also negotiating for the en bloc sale of W Hotel near to KLCC worth over RM1bn in GDV and a dozen parcels of land in the Klang Valley, Negeri Sembilan and Sabah worth RM265m. These disposals could raise a total of more than RM1bn and cut total borrowings from RM1.92bn to around RM800-900m.

Figure 13: Land for sale

Landbank	Region	Location	Stake	Acres	sq.ft.	Mkt value (RM m)	Mkt Value (RM psf)	NBV (RM m)
Tropicana Mentari	Central	Klang Valley	100%	5.6	242,651	97.1	400.0	19.4
Jalan Harapan, PJ	Central	Klang Valley	100%	2.8	122,945	40.6	330.0	18.8
SS13, Subang Jaya	Central	Klang Valley	100%	2.5	107,295	48.3	450.0	31.0
Lot 2480, Jln Kepong Besar	Central	Klang Valley	100%	0.8	36,592	10.7	292.7	10.2
Rahang land, Seremban	Southern	Negeri Sembilan	100%	2.4	105,303	5.1	48.5	4.8
Pekan Bukit Kepayang, Neg. Sembilan	Southern	Negeri Sembilan	100%	2.0	87,112	9.5	108.5	8.5
Double Up, Off Jalan Lintas, KK	Northern	Sabah	100%	1.2	50,267	5.5	110.0	5.0
Sadong Jaya, KK	Northern	Sabah	100%	1.0	43,604	9.2	211.9	8.4
Jalan Albert Kwok, KK	Northern	Sabah	100%	0.9	39,840	18.5	465.0	16.9
Lido Junction, Penampang	Northern	Sabah	100%	1.7	72,947	6.9	95.0	6.6
Jalan Segama, Lahad Datu	Northern	Sabah	100%	1.3	54,450	3.2	58.6	3.0
Tawau City land	Northern	Sabah	100%	0.8	34,950	6.3	180.8	5.7
Taman Tshun Ngen, Sandakan	Northern	Sabah	100%	1.5	66,214	3.8	57.1	3.5
Total						264.7		141.8

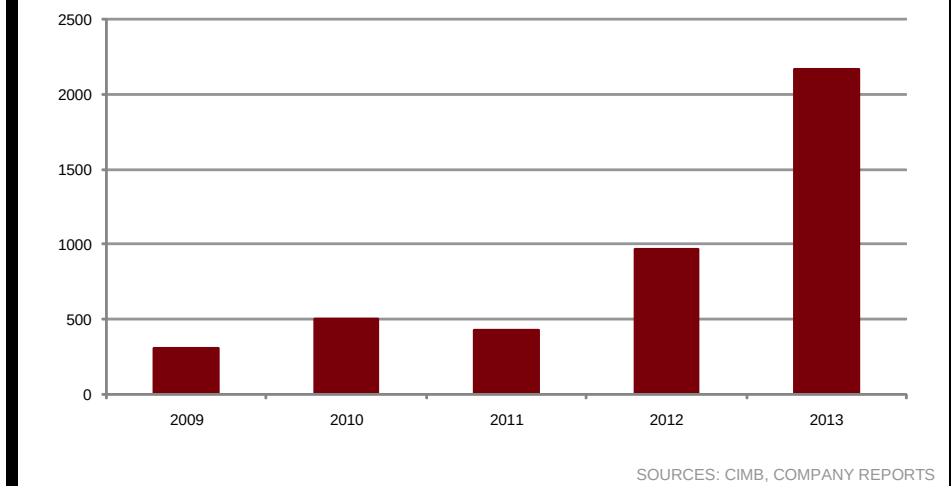
SOURCES: CIMB, COMPANY REPORTS

2. OUTLOOK

2.1 Property development doing fine ►

Tropicana has shown a knack for acquiring sizeable and strategically located landbank and having the foresight to spot locations where land values subsequently appreciated rapidly. But more important than being a good landbanker is the ability to unlock the value of the land via launches and sales. On this front, Tropicana has been able to deliver strong sales last year, with new sales more than doubling from RM968m in 2012 to RM2.17bn. But last year was an outstanding year for most developers and it is uncertain if Tropicana's sales performance is sustainable. This year will be more crucial as property market sentiment has been dampened somewhat by measures taken by the government to curb speculation. We believe this is the year that will separate the boys from the men.

Figure 14: New sales (RM m)



Tropicana is targeting to launch more than RM3bn worth of properties in 2014 and to achieve sales of more than RM2bn. Its launches are focused in the Klang Valley as the three projects to be launched there make up 61% of total group launches. Penang is the second highest with two projects making up 28% of total launches. Tropicana is more cautious about Iskandar Malaysia and rightly so given the flood of supply, especially by Country Garden in Danga Bay. Tropicana's two projects to be launched there make up only 11% of group launches. We are most comfortable with the two new landed projects in the Klang Valley, i.e. Tropicana Heights in Kajang and Tropicana Aman given the strong demand for landed properties in general. Combined, the launches from the two projects make up 47% of group launches.

Figure 15: FY14 launches

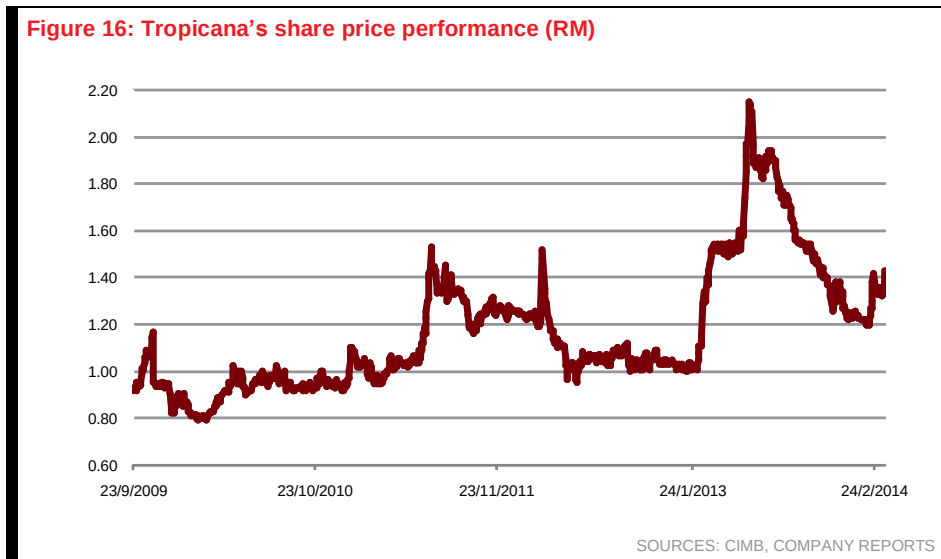
Project	Location	RM m	
Tropicana Danga Bay	Iskandar Malaysia	217	7.2%
Tropicana Danga Cove	Iskandar Malaysia	122	4.0%
Tropicana Heights	Kajang, Selangor	646	21.3%
Tropicana Aman	Canal City, Selangor	771	25.5%
Tropicana Gardens	Kota Damansara, Selangor	429	14.2%
Penang World City	Penang Island	528	17.4%
Tropicana Macalister	Penang Island	314	10.4%
Total		3,027	100.0%

SOURCES: CIMB, COMPANY REPORTS

2.2 Corporate governance issues ►

Last Sep, investors and analysts were taken aback by Tan Sri Danny Tan's proposal to inject 762 acres of landbank in Iskandar Malaysia into Singapore-listed Albedo Ltd for S\$774m. This was because he had earlier injected RM943m worth of privately owned assets into Tropicana in order to consolidate all his property holdings into a single entity. Investors were surprised that he had managed to accumulate so much additional landbank within a short period of time and that he had chosen to inject it into another vehicle. With two vehicles, the question of which projects by which company would take precedence and which company would be the preferred acquisition vehicle surfaced. From a high of RM2.15 in May 2013, Tropicana shares were sold down to a low of RM1.20 in Feb 14, a steep fall of 44%.

Figure 16: Tropicana's share price performance (RM)



Recent press reports, however, indicate that the deal to inject landbank into Albedo may be terminated. We believe any move to make Tropicana the key property vehicle would be positive for the company. Another positive would be any step by Tan Sri to use Tropicana for future landbank acquisitions instead of going through his private side. Tropicana's senior management has voiced the intention to make sure that questions about conflict of interest and corporate governance would be a thing of the past. Any move in this direction would be a big catalyst for the share price.

3. RISKS

3.1 Measures to cool property demand ►

The government has taken a series of measures since last year to curb rising household debt and property speculation. The state governments of Johor and Penang have also imposed additional measures of their own to tax foreign purchases of properties. This has resulted in a dampening of sentiment for properties that will affect all developers. But we believe the measures will only have a relatively short-term impact on residential property demand and that buying will normalise by mid-2014 before picking up strongly in 2H as potential buyers realise that property prices may rise ahead of the implementation of 6% GST in Apr 2015.

Figure 17: Policies to curb speculation

Date	Policy
Oct-09	Reintroduction of RPGT at 5% for first five years
Nov-11	Loan-to-value ratio for 3rd property capped at 70%
Oct-11	RPGT raised to 10% for first two years
Jan-12	Loan eligibility based on net pay and not gross pay
Oct-12	RPGT raised by 5%pts for all five years
Jul-13	Housing loan tenure capped at 35 years from 45 previously
Oct-13	RPGT raised to 30% for first 3 years and declining thereafter
	Foreign purchase minimum price raised from RM500k to RM1m
	Increase transparency in property sale price quoted to banks
	Developers interest bearing scheme abolished
Feb-14	Bulk sales by developers to persons or group to be curbed?

SOURCES: CIMB, COMPANY REPORTS

3.2 Conflict of interest not addressed »

Should there be further landbank acquisitions by Tan Sri on his private side and more asset injections into Albedo or other listed companies, it would exacerbate the uncertainties over the importance of Tropicana. Reassurances from Tropicana's senior management must be backed by action or investors would assign even wider discounts to factor in the risks.

3.3 Sustainability and execution »

Tropicana may have the "hardware" in terms of landbank and projects to be launched but the most important factor for property developers is management. This is best reflected by the share price fallout for SP Setia following the exodus of its staff to Eco World. Tropicana must have sufficient management and staffing "software" to ensure that customer satisfaction and product quality can keep up with its strong growth. Management and staffing stability is also crucial in making sure that the transformation blueprint is executed well.

3.4 Relatively high gearing »

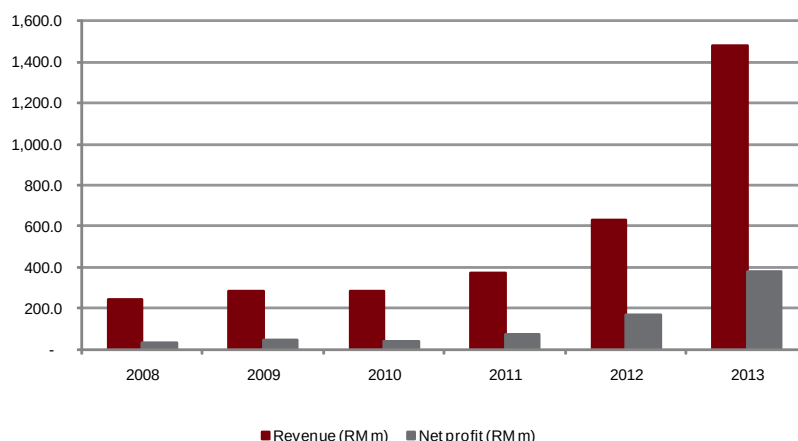
Tropicana's gross gearing stands at 0.75x while net gearing is 0.55x. This is relatively high as most developers try to keep net gearing at 0.3-0.4x. Tropicana is making a concerted effort to de-gear but attractive landbanking opportunities are sometimes too good to miss and that pushes gearing back up. Tropicana has lined up over RM1bn worth of investment properties and landbank for sale which could bring down net gearing to around 0.4x even after factoring RM500m-600m of land acquisitions to be paid this year.

4. FINANCIALS

4.1 Strong earnings growth »

2013 was Tropicana's best-ever year in terms of sales, revenues and profits. 2014 should be even better if new sales can continue to exceed RM2bn annually and the group manages to secure another big land sale. This is despite 2013's profits being boosted by RM218m in fair valued adjustments. As for net gearing, the recent sale of 308 acres to Eco World Development Group will bring in RM471m cash and RM170m in net profits, and should keep gearing around the 0.5x level as it will help to pay for landbanking obligations for the Senibong and Gelang Patah land.

Figure 18: Revenues and profits



SOURCES: CIMB, COMPANY REPORTS

5. VALUATION

5.1 The desire to be big »

Tropicana has been keen to grow big rapidly, either through organic means (aggressively buying landbank and hiring professionals to execute property development projects) or the quicker route of M&A. It has been reported that Tropicana was interested in a merger with Mah Sing Group or other reputable developers but the stumbling block was whether a merged firm with two large shareholders could work well together.

5.2 Staying with the plan »

We believe the first route of buying landbank and executing well may take longer and involve more hard work but it holds strong promise for shareholders as long as the incentive structure is in place to build the human resources to achieve this aim. This was achieved in SP Setia when founder and CEO Tan Sri Liew Kee Sin built the company from a small developer into the behemoth it is today. He instituted a meritocratic work environment that rewarded excellence handsomely. SP Setia staffers are fiercely loyal to him and give their best to the firm. SP Setia's share price has also been a stellar performer over the years.

5.3 A deeply undervalued stock »

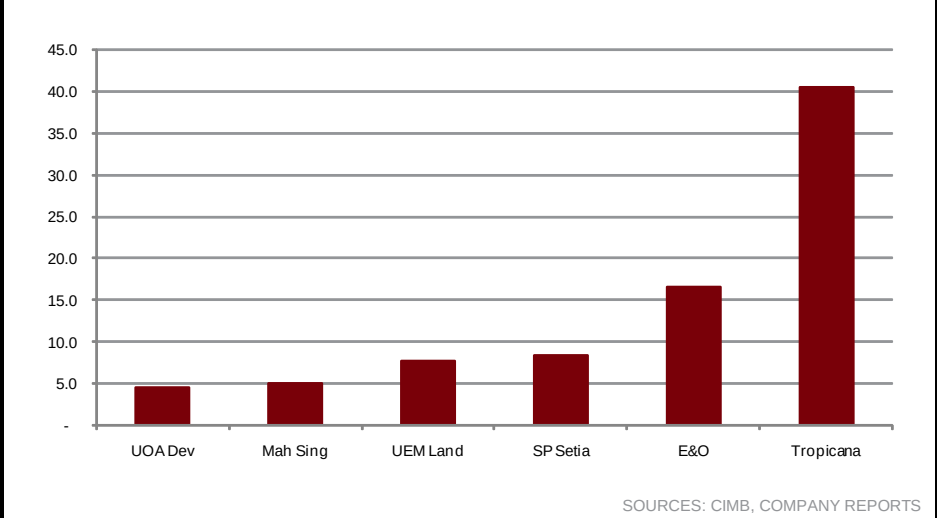
Credibility issues are holding back Tropicana's share price. Valuation-wise, Tropicana is extremely attractive. The stock is trading at a steep discount of 73% to its fully diluted RNAV and a historical P/E of only around 4x. We estimate the group has close to RM10bn worth of assets (landbank and property investments), over 5x its market cap. The stock is even trading at a steep discount of 40% to its NTA of RM2.32. Its GDV/market cap ratio of 41x is much higher than stocks under our coverage and shows the potential impact of the unlocking of its hidden value.

Figure 19: GDV/market cap ratio

	Outstanding shares (m)	Price (RM)	Market cap (RM m)	GDV (RM bn)	GDV/mkt cap (x)
E&O	1,136	2.12	2,407.5	40	16.6
Mah Sing	1,357	2.15	2,918.0	15	5.1
SP Setia	2,459	2.93	7,204.0	60	8.3
UEM Sunrise	4,537	2.19	9,936.9	76	7.6
UOA Dev	1,340	2.09	2,800.2	13	4.5
Tropicana	1,366	1.39	1,898.2	77	40.6

SOURCES: CIMB, COMPANY REPORTS

Figure 20: GDV to market cap compared



5.4 Tropicana shares valued at RM3.07-3.58 ➤

As Tropicana is still at the early stages of its transformation and hiccups are yet to be fully addressed, we would value the stock at the low end of the discount range assigned to the developers under our coverage. The discount ranges from zero for the new market proxy, Mah Sing Group to 30% for developers with poorer execution. For smaller-cap developers, the discount is wider at 30-40%. Assigning the low end of the discount range and in line with smaller developers' discount of 30-40%, Tropicana would still be valued at a high range of RM3.07-3.58 as its fully diluted RNAV is much higher at RM5.11. This would provide investors significant upside of 121-158%.

Tropicana's RNAV has a good chance of being unlocked by the transformation blueprint and therefore, the wide discount of over 70% attached to the stock currently should narrow over time. The key catalysts to drive such a re-rating would be 1) continued strong sales and earnings growth, 2) disposals of property investments and excess landbank, and 3) elimination of corporate governance concerns. Investors with a higher appetite for risks have an option in the warrants which have an exercise price of RM1 and expire in Dec 2019. Based on the RM3.07-3.58 value for the parent share, the warrants would have intrinsic values of RM2.07-2.58 at those levels, which provide investors even higher upside of 209-285%.

Figure 21: Tropicana Corp's RNAV

Type	Location	Size/units	Area (sq. ft.)	Price (RM psf)	Stake	Value (RM m)
Tropicana Gardens	Kota Damansara, Selangor	19.3 ac	840,708	450.00	70%	264.8
Tropicana Metropark	Subang, Selangor	88.5 ac	3,855,060	300.00	100%	1,156.5
Tropicana Heights	Kajang, Selangor	198.5 ac	8,646,660	50.00	100%	432.3
Tropicana Aman	Canal City, Selangor	440.0 ac	19,166,400	55.00	100%	1,054.2
W KL Hotel & Residences	Kuala Lumpur	1.3 ac	55,757	3,700.00	100%	206.3
Tropicana Bukit Bintang	Kuala Lumpur	3.1 ac	136,778	2,800.00	100%	383.0
TDB Hotel & Residences	Iskandar Malaysia	6.0 ac	260,053	850.00	60%	132.6
Tropicana Danga Bay	Iskandar Malaysia	37.3 ac	1,624,788	850.00	60%	828.6
Tropicana Cove	Iskandar Malaysia	227.0 ac	9,888,120	200.00	50%	988.8
Tropicana Danga Lagoon	Iskandar Malaysia	62.2 ac	2,709,432	250.00	100%	677.4
Tropicana City Centre	Jln Tun Razak, JB	21.9 ac	955,388	500.00	100%	477.7
Gelang Patah (Pulai) - Parcel 2	Iskandar Malaysia	256.6 ac	11,175,318	38.00	100%	424.7
Senibong Waterfront	Iskandar Malaysia	60.0 ac	2,613,600	250.00	70%	457.4
Penang World City	Penang island	102.6 ac	4,469,256	350.00	55%	860.3
Other land bank	Malaysia	186.2 ac	8,110,319	50.00	100%	405.5
Landbanking obligations						(1,758.8)
Proceeds from land sale						469.6
Fixed assets						554.3
Investment properties						1,299.4
Other long term assets						55.0
Net current assets less dev. prop.						316.6
Long term liabilities						(1,808.6)
Total RNAV						7,877.6
No. of shares (m)						1,365.6
RNAV per share (RM)						5.77
Warrants @RM1						154.0
RCULS @RM1.50						76.3
Fully diluted shares (m)						1,570.5
Fully diluted RNAV per share (RM)						5.11

SOURCES: CIMB, COMPANY REPORTS

Figure 22: Sector Comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Tgt Px (local curr)	Mkt Cap (US\$ m)	Core P/E (x)	Core P/E (x)	RNAV CY2014	Prem./Disc. to RNAV (%)	P/BV (x) CY2014	Div. Yield (%) CY2014
Bukit Sembawang Estates	BS SP	Add	5.40	7.41	1,109	5.7	5.4	10.58	-49%	0.93	3.2%
CapitaLand	CAPL SP	Add	2.82	3.51	9,525	17.1	13.6	4.67	-40%	0.73	2.3%
CapitaMalls Asia	CMA SP	Add	1.77	2.22	5,457	21.6	18.0	2.61	-32%	0.89	2.0%
City Developments	CIT SP	Hold	10.02	9.65	7,228	17.8	15.6	12.87	-22%	1.11	1.7%
Fraser's Centrepoint Ltd	FCL SP	Add	1.53	2.06	3,496	9.1	8.7	2.94	-48%	0.67	2.6%
Global Logistic Properties	GLP SP	Add	2.62	3.48	9,893	33.3	27.7	3.48	-25%	1.10	1.9%
Ho Bee Land	HOBEE SP	Add	2.18	2.64	1,154	20.8	20.1	3.77	-42%	0.62	2.9%
Hongkong Land	HKL SP	Reduce	6.49	5.54	15,270	19.4	20.4	9.17	-29%	0.57	2.6%
Keppel Land	KPLD SP	Hold	3.35	3.51	4,108	13.0	10.0	4.68	-28%	0.69	2.3%
Overseas Union Enterprise	OUE SP	Add	2.24	3.32	1,617	27.4	22.5	4.15	-46%	0.87	1.8%
Singapore Land	SL SP	Add	9.43	8.52	3,086	15.1	12.7	14.20	-34%	0.71	2.1%
United Engineers	UEM SP	Hold	2.07	1.81	1,042	6.8	5.7	3.01	-31%	0.70	3.4%
UOL Group	UOL SP	Add	6.22	8.44	3,804	13.2	11.7	10.54	-41%	0.68	2.3%
Wheelock Properties (S)	WP SP	Hold	1.65	1.95	1,566	13.0	11.3	2.60	-37%	0.61	3.6%
Wing Tai Holdings	WINGT SP	Hold	1.83	1.88	1,141	7.3	7.3	2.69	-32%	0.48	4.1%
Singapore average						16.0	14.0		-36%	0.76	2.6%
Alam Sutera	ASRI IJ	Add	595	570	1,029	7.3	6.1	2,150	-72%	1.84	3.3%
Bekasi Fajar	BEST IJ	Reduce	565	375	479	7.4	5.5	796	-29%	1.81	6.9%
Bumi Serpong Damai	BSDE IJ	Reduce	1,635	1,100	2,518	14.1	13.2	2,668	-39%	2.45	1.7%
Ciputra Development	CTRA IJ	Add	1,160	950	1,548	16.0	10.2	2,136	-46%	2.51	1.7%
Ciputra Property	CTRP IJ	Hold	830	670	449	12.1	7.0	2,449	-66%	1.14	2.6%
Lippo Karawaci	LPKR IJ	Hold	1,085	920	2,204	11.7	11.3	2,230	-51%	1.84	2.4%
Metropolitan Land	MTLA IJ	Add	490	550	327	10.4	7.7	1,198	-59%	1.83	1.3%
Summarecon Agung	SMRA IJ	Add	1,065	1,160	1,352	11.0	8.9	2,057	-48%	2.73	2.3%
Surya Semesta Internusa	SSIA IJ	Add	955	980	396	5.0	4.0	1,157	-17%	1.54	3.6%
Indonesia average						11.0	9.0		-54%	2.07	2.4%
Eastern & Oriental	EAST MK	Add	2.12	2.37	717	19.1	12.2	3.38	-37%	1.59	2.1%
KLCC Property Holdings	KLCCSS MK	Hold	6.35	5.90	3,503	18.1	17.2	6.42	-1%	1.54	5.1%
Mah Sing Group	MSGB MK	Add	2.15	3.03	932	8.8	7.5	3.03	-29%	1.40	4.2%
SP Setia	SPSB MK	Hold	2.93	3.09	2,201	12.6	8.4	4.32	-32%	1.24	3.8%
UEM Sunrise Bhd	UEMS MK	Add	2.19	3.30	3,037	15.8	15.5	3.67	-40%	1.55	2.3%
UOA Development	UOAD MK	Add	2.09	2.45	855	7.4	6.6	3.06	-32%	1.09	6.7%
Malaysia average						13.7	11.5		-29%	1.42	3.9%
Amata Corporation	AMATA TB	Reduce	14.40	10.51	473	13.4	10.3	21.77	-34%	1.71	3.0%
Ananda Development	ANAN TB	Reduce	1.99	1.46	204	8.1	5.5	2.26	-12%	1.00	0.0%
AP (Thailand) PCL	AP TB	Reduce	5.25	4.52	462	6.8	5.8	7.00	-25%	0.91	5.9%
Hemaraj	HEMRAJ TB	Add	3.08	4.15	920	9.0	8.2	2.80	10%	2.21	5.1%
Land And Houses	LH TB	Reduce	9.60	8.39	2,962	14.8	13.7	6.00	60%	2.97	5.4%
LPN Development	LPN TB	Add	15.50	17.95	704	9.5	6.9	7.40	109%	2.12	5.3%
Prukasa Real Estate	PS TB	Add	20.00	22.81	1,369	8.0	6.6	14.82	35%	1.55	3.8%
Quality Houses	QH TB	Add	3.06	3.67	865	8.4	7.1	3.60	-15%	1.48	5.9%
Sansiri Public Co	SIRI TB	Hold	1.90	1.75	559	5.8	4.9	2.48	-23%	0.95	8.7%
SC Asset Corporation	SC TB	Add	3.18	4.91	363	6.3	5.2	na	na	0.85	6.4%
Supalai PCL	SPALI TB	Add	17.70	21.13	935	7.5	6.3	9.05	96%	1.73	5.3%
Thailand average						9.2	7.8		na	1.70	5.2%
Ayala Land Inc.	ALI PM	Add	29.60	38.80	9,347	27.1	24.1	43.14	-31%	3.88	1.4%
Megaworld Corporation	MEG PM	Add	4.13	4.40	2,943	14.2	11.8	na	na	1.51	0.8%
Philippine average						22.2	19.2		na	2.80	1.2%
Agile Property	3383 HK	Add	6.28	9.95	2,819	3.4	2.9	19.92	-68%	0.46	6.7%
China Overseas Grand Oceans	81 HK	Add	4.98	11.00	1,465	3.3	2.5	15.67	-68%	0.79	2.8%
China Overseas Land	688 HK	Add	19.82	27.60	20,880	6.9	5.7	30.73	-35%	1.25	2.6%
China Resources Land	1109 HK	Add	16.90	24.20	12,702	8.2	7.1	30.31	-44%	1.05	3.4%
Evergrande Real Estate	3333 HK	Hold	3.60	3.32	6,757	4.6	3.9	8.30	-57%	0.72	3.4%
Franshion Properties	817 HK	Add	2.49	3.35	2,941	6.2	5.2	5.61	-56%	0.63	3.4%
Guangzhou R&F	2777 HK	Add	10.42	13.55	4,328	3.8	3.3	22.66	-54%	0.72	6.8%
Hydoo International	1396 HK	Add	3.34	4.20	1,735	5.4	4.0	6.01	-44%	1.86	7.1%
KWG Property Holding	1813 HK	Add	4.18	7.00	1,559	3.5	3.0	11.82	-65%	0.49	8.7%
Longfor Properties	960 HK	Add	10.40	15.60	7,295	6.4	5.2	22.19	-53%	1.06	3.1%
Poly Property	119 HK	Hold	3.37	3.60	1,583	5.4	4.8	10.55	-68%	0.39	7.1%
Shimao Property	813 HK	Add	16.26	23.40	7,278	4.6	3.8	29.38	-45%	0.93	6.6%
Shui On Land	272 HK	Reduce	2.12	1.66	2,187	13.4	12.0	5.54	-62%	0.34	3.0%
Sino-Ocean Land	3377 HK	Hold	4.14	4.00	3,887	6.5	5.6	10.15	-59%	0.46	5.8%
SOHO China	410 HK	Hold	6.24	6.40	4,245	12.1	20.4	10.50	-41%	0.65	5.1%
Yuexiu Property	123 HK	Hold	1.55	1.65	1,863	6.8	5.7	4.59	-66%	0.46	5.9%
China average						5.9	5.0		-57%	0.80	4.2%
Cheung Kong (Holdings)	1 HK	Hold	127.5	118.0	38,066	10.3	10.3	161.3	-21%	0.77	2.5%
Henderson Land Development	12 HK	Reduce	44.00	40.93	15,308	12.3	13.8	68.44	-36%	0.49	2.4%
Hysan Development	14 HK	Reduce	33.30	30.20	4,566	17.5	16.9	53.01	-37%	0.59	3.4%
New World Development	17 HK	Reduce	7.52	8.85	8,328	6.0	5.9	17.70	-58%	0.32	4.8%
Sino Land Co	83 HK	Reduce	11.14	9.16	8,589	15.0	17.6	14.89	-25%	0.61	3.7%
Sun Hung Kai Properties	16 HK	Hold	93.65	94.22	32,648	12.9	14.0	145.0	-35%	0.61	3.4%
Swire Properties	1972 HK	Reduce	21.65	18.76	16,326	20.2	18.2	30.02	-28%	0.64	2.7%
Hong Kong average						12.0	12.3		-32%	0.61	3.0%
DLF Ltd	DLFU IN	Reduce	175.9	140.0	5,231	26.9	19.4	na	na	1.03	1.1%
Oberoi Realty Ltd	OBRI IN	Add	219.3	250.0	1,202	15.6	12.6	na	na	1.53	1.5%
Sobha Developers Ltd	SOBHA IN	Add	349.4	333.0	572	13.0	10.8	na	na	1.18	1.0%
Unitech Ltd	UT IN	Reduce	12.10	10.00	528	9.9	7.3	na	na	0.27	0.0%
India average						20.4	15.4		na	0.90	1.1%
Huaku Construction Corp	2548 TT	Reduce	73.50	80.00	667	8.3	9.3	na	na	1.38	6.6%
Farglory Land	5522 TT	Reduce	51.20	47.00	1,401	6.7	5.6	na	na	1.02	9.0%
Prince Housing	2511 TT	Add	14.55	23.00	769	6.4	4.4	na	na	0.96	6.2%
Taiwan average						7.0	5.8		na	1.08	7.8%
Average (all)						10.0	9.0		na	0.76	3.2%

SOURCES: CIMB, BLOOMBERG, COMPANY REPORTS

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Score Range:	90 – 100	80 – 89	70 – 79	Below 70 or	No Survey Result
Description:		Excellent	Very Good	Good	N/A

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CIMB Recommendation Framework #1

Stock Ratings	Definition
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock.

Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

CIMB Stock Recommendation Framework #2 *

Outperform	The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.
Neutral	The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.
Underperform	The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.
Trading Buy	The stock's total return is expected to exceed a relevant benchmark's total return by 3% or more over the next 3 months.
Trading Sell	The stock's total return is expected to be below a relevant benchmark's total return by 3% or more over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.
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CIMB Stock Recommendation Framework #3 **

Outperform	Expected positive total returns of 10% or more over the next 12 months.
Neutral	Expected total returns of between -10% and +10% over the next 12 months.
Underperform	Expected negative total returns of 10% or more over the next 12 months.
Trading Buy	Expected positive total returns of 10% or more over the next 3 months.
Trading Sell	Expected negative total returns of 10% or more over the next 3 months.

** This framework only applies to stocks listed on the Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2013.

AAV – Good, **ADVANC** - Excellent, **AMATA** - Very Good, **ANAN** – Good, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent, **BAY** - Excellent, **BBL** - Excellent, **BCH** – Good, **BCP** - Excellent, **BEC** - Very Good, **BGH** - not available, **BJC** – Very Good, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Excellent, **CCET** – Very Good, **CENDEL** – Very Good, **CK** - Excellent, **CPALL** - Very Good, **CPF** – Excellent, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Excellent, **EGCO** – Excellent, **GLOBAL** - Good, **GLOW** - Very Good, **GRAMMY** – Excellent, **HANA** - Excellent, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** – Excellent, **ITD** – Very Good, **IVL** - Excellent, **JAS** – Very Good, **KAMART** – not available, **KBANK** - Excellent, **KKP** – Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** – Very Good, **MAKRO** – Very Good, **MCOT** - Excellent, **MINT** - Excellent, **PS** - Excellent, **PSL** - Excellent, **PTT** - Excellent, **PTTGC** - Excellent, **PTTEP** - Excellent, **QH** - Excellent, **RATCH** - Excellent, **ROBINS** - Excellent, **RS** – Excellent, **SAMART** – Excellent, **SC** – Excellent, **SCB** - Excellent, **SCC** - Excellent, **SCCC** - Very Good, **SIRI** – Very Good, **SPALI** - Excellent, **STA** - Good, **STEC** - Very Good, **TCAP** - Excellent, **THAI** - Excellent, **THCOM** – Excellent, **TICON** – Very Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Excellent, **TTW** – Excellent, **TUF** - Very Good, **VGI** – Excellent, **WORK** – Good.