

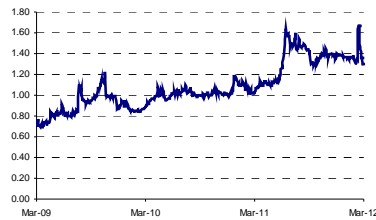
Company Brief

Dijaya Corp

DJC MK

RM1.30

Not Rated



Price Performance

	1M	3M	12M
Absolute	-2.3%	-7.8%	+23.8%
Rel to KLCI	-3.3%	-14.4%	+18.0%

Stock Data

Issued shares (m)	459.1
Mkt cap (RMm)	597.1
Avg daily vol - 6mth (m)	0.71
52-wk range (RM)	1.04-1.72
Est free float	19%
NTA/share (RM)	2.06
P/NTA (x)	0.63
Net cash/(debt) (RMm)(4Q11)	(881.7)
ROE (FY12E)	5.1%
Derivatives	
Warr 2019 (WP: RM0.435, SP: RM1.00)	

Key Shareholders

Tan Sri Dato' Danny Tan	66.6%
Tael One Partners	7.2%
Tan Sri Dato' Seri Vincent Tan	6.9%

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Into the big league

An up-and-coming major developer

Dijaya Corporation was one of the three companies featured in our recent Small Mid Cap Corporate Day. The company was formerly a quiet developer focusing on its flagship projects in Tropicana Golf & Country Resort, Tropicana Indah and Tropicana City, PJ. Dijaya has also developed and currently own the relatively successful Tropicana City Mall and Office. Starting late 2010, Dijaya has undertaken an aggressive growth strategy. It has strengthened its management team, recruited new talents, acquired new land banks and went into JV agreements to develop several parcels of strategic land banks in Malaysia's property hotspots. Furthermore, Dijaya has on 6 March 2012 proposed several corporate exercises, including RM1.1bn asset amalgamation, 4 for 5 right issues and establishment of a RM500m bank guaranteed CP and MTN program to streamline the assets of the group and its major shareholder and to raise capital for its aggressive growth ambition. With these plans in place, we believe Dijaya is on the right track to become a major developer with a possible market cap of up to RM1.5bn, in the medium term.

Significant exposures to Malaysia's key property hotspots

Dijaya has significant exposures to Malaysia's key property hotspots in Klang Valley, Penang Island and Danga Bay, most of which were acquired last year at a reasonable price. We believe Dijaya's strong "Tropicana" brands and its shareholder's extensive business connection are some of its key strength, which in turn, have helped Dijaya to enter into JV agreements with landowners to develop several high profile landmark projects - RM3.4bn Danga Bay, RM2.9bn Danga Cove and Ivory's RM10bn Penang World City projects. Other notable projects that are expected to contribute significantly to its future earnings are the RM6.3bn Tropicana Hills (Subang), RM1.8bn Tropicana Garden (Tropicana) and RM2.2bn Tropicana Heights (Kajang) projects.

Fully diluted RNAV of RM2.47

We estimate Dijaya's fully diluted RNAV per share at RM2.47 (before 4 for 5 rights, but accounted for the impact of amalgamation and rights issue exercise). Applying the 20-30% discount to RNAV for the property stocks under our coverage, we opine that Dijaya's fair value lies between RM1.44-1.78. We are positive on its long-term prospects in view of its committed and active management team, extensive business contacts, strategic land bank and strong launching pipeline. That said, we are cautious on the prevailing demand for luxury condominiums and high-end bungalows. Key risks to the company include property market risk, execution risk, possible share overhang (post rights and annual conversion of RCULS) and high borrowings.

Earnings & Valuation Summary

FYE Dec (RMm)	2010	2011	2012E	2013E	2014E
Revenue	292.3	373.7	576.4	844.5	1175.0
EBITDA	49.7	96.1	165.2	239.5	311.2
Pretax profit	53.4	87.7	100.6	187.8	257.3
Net profit	43.3	65.1	73.7	137.2	182.5
EPS (sen)	9.5	14.2	11.9	11.2	14.9
PER (x)	14.1	9.4	10.9	10.1*	7.6*
Core net profit	31.2	58.2	89.6	137.2	182.5
Core EPS (sen)	6.9	12.7	14.5	11.2	14.9
Core EPS chg (%)	45.8	85.0	13.9	-22.7	33.0
Core PER (x)	19.5	10.5	9.0	10.1*	7.6*
DPS (sen)	3.8	2.3	2.0	2.0	2.0
Dividend Yield (%)	2.8	1.7	1.5	1.7*	1.5*
EV/EBITDA (x)	11.7	15.6	10.4	10.3*	8.5*
Consensus profit	-	-	-	-	-
Affin/Consensus (x)	-	-	-	-	-

* Based on theoretical ex-right price of RM1.13 derived from Dijaya's last traded price of RM1.30

Joining the billion Ringgit club

Developer with a strong “Tropicana” brand name

Dijaya Corporation, 66.6%-owned and led by CEO Tan Sri Dato’ Danny Tan (“TSDDT”), was formerly a quiet developer focusing on property projects in the Tropicana enclave in Petaling Jaya. The developer markets some of its key properties under the strong “Tropicana” brand name, its flagship projects are property developments in Tropicana Golf & Country Resort (625 acres), Tropicana Indah (410 acres) and Tropicana City. Other notable completed projects are Fortune Park Apartments @ Seri Kembangan, TSB Commercial Centre @ Sungai Buloh and Arena Mentari @ Bandar Sunway. Dijaya is also the developer and owner of the Tropicana City Mall and Tropicana City Office Tower.

Aggressive land bank acquisitions in 2010-11

Starting late 2010, Dijaya has embarked on an aggressive expansion track. It has strengthened its top management team, recruited new talents, acquired new land banks and went into JV agreements to develop several plots of strategic land banks in some of Malaysia’s key property hotspots (Danga Bay, Penang Island, Subang and Kajang). In 2010-11, Dijaya acquired /entered into JV development agreements to develop 7 property projects with a combined GDV of RM25.5bn with an estimated land cost of RM2.37bn (Dijaya’s effective commitment at RM1.76bn). We are generally positive on the long-term prospects of these acquisitions as the land banks are strategically located and acquisition price are mostly reasonable. We believe that Dijaya’s strong “Tropicana” brand name and its key shareholder’s extensive business connection are some of its key selling points in forming JV with landowners to develop the massive landmark projects such as the RM3.4bn Danga Bay, RM2.9bn Danga Cove and RM10bn Penang World City projects.

Fig 1: Summary of Dijaya’s land bank acquisition in 2010-11

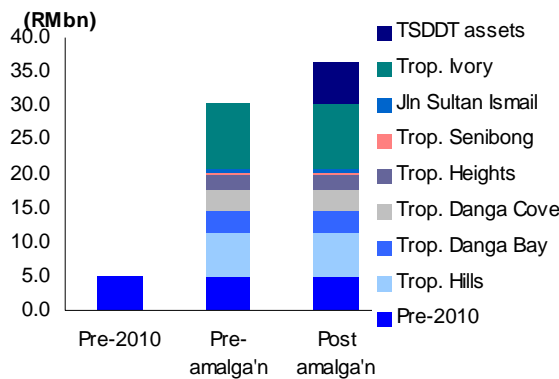
	Tropicana Danga Bay	Tropicana Senibong	Tropicana Hills	Tropicana Danga Cove	Tropicana Heights	Jln Sultan Ismail	Tropicana Ivory
Date of announcement	2-Aug-10	na	8-Jun-11	15-Aug-11	5-Sep-11	7-Oct-11	11-Nov-11
Location	Danga Bay, Johor	Permas, Johor	Subang, Selangor	Danga Cove, Johor	Kajang, Selangor	Jln Sultan Ismail, KL	Timur Laut, Penang
Land size (acre)	37.0	4.0	88.5	227.0	198.5	1.2	102.6ac (67.6ac existing, 35ac to be reclaimed)
Total Land cost (RMm)	308	11	385	220	228	116	1,072
Land cost psf (RM)	190	63	100	22	26	2,400	240
Effective stake (%)	60	100	100	50	100	100	55
JV partner	Danga Bay SB	na	na	Iskandar Waterfront	na	na	Ivory Property
Potential GDV (RMm)	3,432	280	6,253	2,932	2,163	650	9,802
Land cost to GDV (%)	9.0%	3.9%	6.2%	7.5%	10.5%	17.9%	10.9%

Source: Company data, Affin

Acquisition of TSDDT's assets to add 68 acres of land with RM6bn GDV

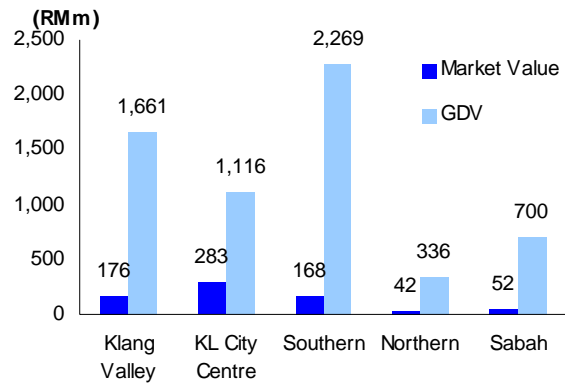
On 6 March 2012, Dijaya proposed several major corporate exercises, including an amalgamation exercise where Dijaya will acquire from TSDDT RM1.1bn worth of TSDDT's private property assets – RM720m for 24 parcels of land (68 acres) and RM384m for 13 investment properties with 807,000sf of NLA. These land bank are mainly pockets of prime land (~1-2 acres) located in the city centre of KL, Selangor, Penang, Johor and Kota Kinabalu with good development potential. Notable mentions are parcel of lands in Jln Ampang, Jln Bkt Bintang, Jln Kia Peng, Jln Macalister (Penang), Jalan Bundusan (KK), Jalan Off Lintas (KK) and a sizeable plot (over 25 acre) at Jalan Tun Razak (JB).

Fig 2: Dijaya's GDV pre-2010, pre- and post-amalgamation



Source: Company data

Fig 3: Market value and potential GDV of TSDDT's land bank

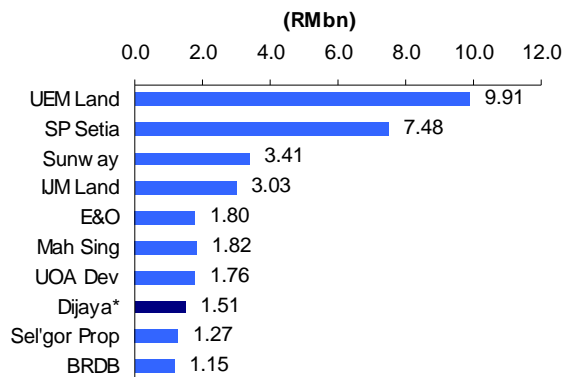


Source: Company data

Joining the billion Ringgit developer club

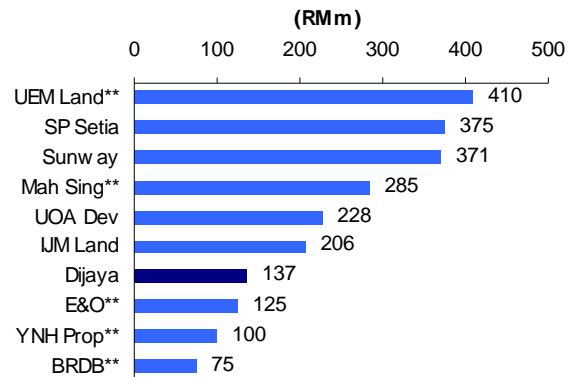
Under the proposed amalgamation exercise, Dijaya has also proposed an equity and debt raising exercise, comprising: (i) a 4-for-5 rights issue of RM1.20/ right share (with 1 bonus shares for every 4 rights); (ii) issuance of RCULS for up to RM850m to TSDDT as part payment for TSDDT's assets; and (iii) a bank guaranteed CP/MTN programme for up to RM500m. Assuming full conversion of warrants and ESOS prior to the ex-date and full subscriptions for the right shares, we estimate Dijaya will have a market cap of up to RM1.5bn post right issues (assume theoretical ex-price of RM1.23/share, based on 3-month VWAP of RM1.50). The RM1.5bn market cap (vs its current market cap of RM600m) will make Dijaya Malaysia's 8th largest developer by market cap.

Fig 4: Malaysia's top 10 listed developer by market cap*



*Post rights issue, assume full subscription and ex-right price of RM1.23
Source: Bloomberg, Affin

Fig 5: Malaysia' top 10 listed developer by CY13 net profit



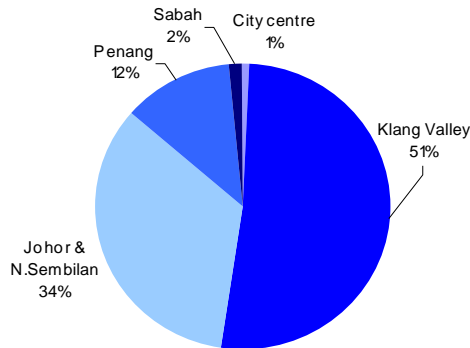
** Consensus estimate
Source: Bloomberg, Affin

Overview of Dijaya's property development projects

807 acres of land bank with a potential aggregate GDV of RM37bn

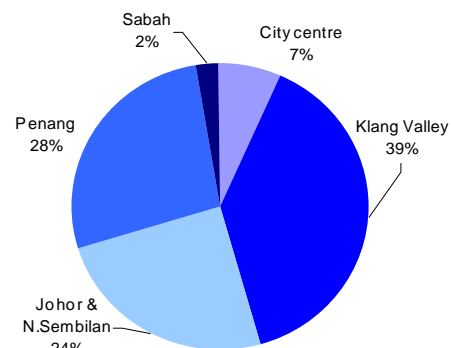
Post the acquisition of TSDDT's RM1.1bn worth of assets, Dijaya will have approximately 807 acres of land bank with a total GDV of RM37bn, spread across the country's several key property hotspots – Klang Valley, Penang Island, Danga and Sabah. Some of the projects are in the early planning phase while others will be ready for launch in 2012. All in, management has lined up RM1.57bn worth of new properties to be launched in 2012 and another RM2.64bn properties for 2013.

Fig 6: Geographical locations of land bank (870 acres)



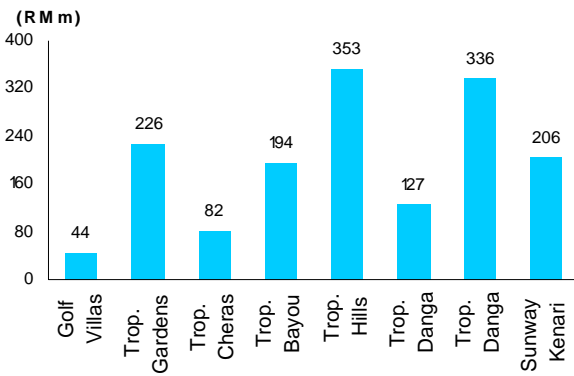
Source: Company data

Fig 7: Potential GDV breakdown by location (RM36.6bn)



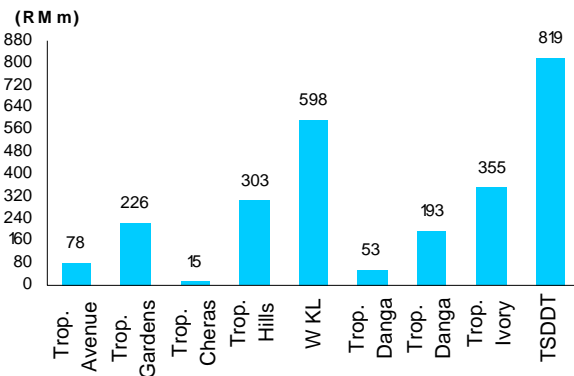
Source: Company data

Fig 8: 2012 launch plan (RM1.57bn)



Source: Company data

Fig 9: 2013 launch plan (RM2.64bn)



Source: Company data

Fig 10: Dijaya's on-going property development projects

Project	Location	Property Type	No of units	GDV (RMm)	Launch date	Price/unit (RM'000)
On-going developments						
Grand Villas	Tropicana Indah	Bungalows	12	64	Jul-10	5,333.3
Pool Villas	Tropicana Indah	Bungalows	54	210	Jul-10	3,888.9
Link Villas	Tropicana Indah	Bungalows	16	31	Mar-10	1,937.5
Casa Tropicana	TGCR	Condo	296	177	Jul-10	598.0
Tropicana Grande	TGCR	Luxury condo	328	657	Jan-10	2,003.0
Tropicana Avenue - Office	TGCR	Office	205	124	Dec-11	604.9
Tropicana Avenue - SA	TGCR	Condo	454	258	Dec-11	568.3
Tropez Residences Tower A	Danga, Johor	Condo	428	256	Dec-11	598.1
Tropez Residences Tower B	Danga, Johor	Condo	424	231	Dec-11	544.8
Tropicana Cheras	Sg Long, Cheras	Landed	180	276	na	1,532.2

Source: Company data, Affin

Fig 11: Dijaya's upcoming property development projects (exclude proposed land acquisition from TSDDT)

Project	Location	Property Type	Land area (acres)	GDV (RMm)	Launch date	Dev' period (yrs)	Approval status
Upcoming developments							
Tropicana Gardens	Tropicana	Mall, SOHO, offices and service apartment	17.6	1,815	1H2012	7	Development order obtained
Tropicana Bayou	Balakong	Landed - residential, commercial	66.0	395	1H2012	6	Pending building plan approval
Tropicana Hills	Subang	Service apartment, retail, office and malls	88.0	6,253	1H2012	16	Pending master plan approval
Tropicana Heights	Kajang	Landed residential and highrise	198.5	2,163	1H2013	11	Master planning stage
W Hotel & Residences	KL	Hotel and service residences	1.3	900	2013	-	- Building plan submitted
Jalan Sultan Ismail	KL	Service apartment, commercial lots	1.2	650	-	-	- Pending completion of SPA
Tropicana Danga Bay	Johor	Mixed: Commercial + Residential	37.0	3,431	2H2011	14	Master plan for the next 31 acres submitted for approval
Tropicana Danga Cove	Johor	Mixed: Landed, serviced apartments, retail	227.0	2,932	1H2012	13	1st plot launching in 1H2012; 2nd plot in master planning stage
Tropicana Senibong	Johor	Service apartment, retail	4.0	280	1H2013	3	Master planning stage
Tropicana Ivory	Penang	Mixed: Commercial + Residential	102.6	9,802	1H2013	15	Pending completion of SPA

Source: Company data

Fig 12: Artist illustrations of selected property projects



Tropicana Residences @ Danga Bay
Source: Company data

Danga Bay

Penang Worldcity (Tropicana Ivory)

Key property investments

Tropicana City Mall and office tower are gaining popularity

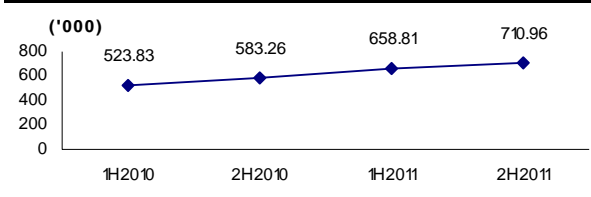
Dijaya currently owns and manages two investment properties – the Tropicana City Mall (439,000 sf NLA) and the 12-storey Tropicana Office Tower (101,700 sf NLA). These properties are located in Tropicana City, opposite Damansara Kim, separated by the Sprint Highway. Opened in 2008, Tropicana City Mall's occupancy rate has continued to improve, from 89.1% in 2010 to 95.1% in 2011. The 12-storey office is now enjoying a 100% occupancy rate, from 57.2% in 2010. Dijaya also reported a sharp 24% yoy increase in shoppers count from 1.11m in 2010 to 1.37m in 2011. As at end-Dec 2011, Tropicana City Mall carried a book value of RM234m (RM533 psf) while the offices are valued at RM43m (RM420psf). In view of the strong shoppers growth prospect, we believe that the current book value has not fully reflected the growth potential of the properties.

Fig 13: Tropicana City Mall and office occupancy rate

			Total Occupancy	% Occupied
Mall	Total Units	209	193	92.3%
	Total Area (sf)	438,925	417,275	95.1%
Office	Total Floors	12	12	100.0%
	Total Area (sf)	101,646	101,646	100.0%

Source: Company data

Fig 14: Tropicana City Mall's shoppers count



Source: Company data

Fig 15: Tropicana City Mall and Tropicana Office Tower



Source: Company data

Acquisition of RM384m investment properties from TSSDT at 8-9% cap rate

Under the proposed amalgamation exercise, Dijaya will acquired from TSSDT RM384m worth of investment properties with total NLA of 807,000sf. These investment properties are spread across KL City Centre (Dijaya Plaza), Klang Valley, Sabah and Ipoh. Notable mentions are the Dijaya Plaza @ Jln Tun Razak (150,000 sf NLA), valued at approximately RM726psf, Intan Square@PJ, Jaya Square@PJ, Wisma TT@PJ, Casa Klang@Klang, and Casa Square@Puchong. Preliminary, management expect these properties to generate an annual income of RM30-35m, translating to a 8-9% cap rate @ RM384m.

Fig 16: TSSDT's investment properties



Dijaya Plaza

Intan Square@PJ

Jaya Square@PJ

Wisma TT@PJ

Casa Klang

Source: Company data

Proposed amalgamation exercise

Killing several birds with one stone

We are generally positive on Dijaya's proposed amalgamation exercise. In our view, the proposed exercise has some merits and is positive to both minority shareholders and TSDDT, as it helps to: (i) streamline and rationalise TSDDT's assets and investment properties under 1 vehicle, thereby optimising human and financial resources, giving Dijaya a larger capital and manpower to undertake large scale development projects; (ii) address the potential conflict of interest; (iii) address Dijaya's high gearing issue. Without the exercise, we estimate Dijaya's net gearing may reach up to 1.7x after paying off the RM1.6bn land acquisitions (cost outstanding). Post amalgamation, Dijaya's net gearing (after paying off land acquisition cost) will be more manageable at 0.8x; and (iv) increase free float (assuming RCULS are converted and successfully paced out to investors and hence, trading liquidity).

Fig 17: Summary of the proposed amalgamation exercise

Step 1: Proposed acquisitions	
Acquisition Target:	RM720m worth of land with GDV of RM6bn RM384m worth of investment properties with NLA of 807,000
Total Indicative OMV	RM1.1bn
Total Indicative Net Purchase Consideration	RM949m (final purchase consideration shall be determined upon execution of the Definitive Agreements)
Payment Mode	Cash of RM250m (to be used for subscription of right shares) Dijaya 10-year RCULS (2% coupon) for the remaining sum
Step 2: Proposed equity fund raising	
Rights Entitlement Basis	4 new rights share for every 5 existing shares held: and 1 bonus share for every 4 rights shares subscribed for
Issue Price	RM1.20
Proposed Utilisation	Cash payment for the proposed acquisition: RM250m Remaining balance for working capital, defray expenses & repay borrowings
Step 3: Proposed Debt Fund Exercise	
Debt fund raising (CP / MTN) with Detachable Warrants of up to RM500m	
Guarantors	RHB Bank (RM300m) and Ambank (RM200m)

Source: Company data, Affin

Fig 18: Salient Terms of the RCULS

Terms	Description										
Issuer	Dijaya										
Nominal value	UP to RM850m of RM1.00 each										
Mode of issuance	Direct issuance to the shareholders of the targeted companies										
Targeted rating	To be determined										
Coupon	2%										
Tenure	10 years										
Security	Not secured										
Convertibility	- Convertible at any time into new Dijaya shares at the option of the holders in accordance to the following conversion schedule and prices which the amount of RCULS to be converted would be subjected to the announced preceding financial year's net profits recorded by Dijaya Group:-										
	<table border="1"> <thead> <tr> <th>Years from Issuance Date</th> <th>Indicative Conversion Price</th> </tr> </thead> <tbody> <tr> <td>1 - 2</td> <td>RM1.30</td> </tr> <tr> <td>3 - 5</td> <td>RM1.50</td> </tr> <tr> <td>6 - 8</td> <td>RM1.80</td> </tr> <tr> <td>9 - 10</td> <td>RM2.50</td> </tr> </tbody> </table>	Years from Issuance Date	Indicative Conversion Price	1 - 2	RM1.30	3 - 5	RM1.50	6 - 8	RM1.80	9 - 10	RM2.50
Years from Issuance Date	Indicative Conversion Price										
1 - 2	RM1.30										
3 - 5	RM1.50										
6 - 8	RM1.80										
9 - 10	RM2.50										
	- RCULS not redeemed will be automatically converted by end of tenure										
Redeemability	Redeemable at any time at the option of the issuer subject to all the covenant for the CP/MTN are complied										
Transferability	Non transferable										

Source: Company data

Assets valuation not a major concern

Dijaya has yet to disclose the detail valuations and price breakdown of TSDDT's assets, as management has yet to execute the definitive agreements. Nonetheless, we are not overly concern about the risk of overpaying - judging from the list of land banks (Fig 19) and the indicative property investment net income of RM30-35m per annum, we think the acquisition price of RM1.1bn is not excessive. On a positive note, we believe TSDDT will now have a higher incentive to align his interest with minorities and grow Dijaya, given that TSDDT's interest are tied to the performance of the company (vide his direct stake as well as RCULS). Note that the 10-year RCULS has stringent terms: (i) carries a low coupon rate of 2%; (ii) embedded with a step-up conversion price range from RM1.30 to RM2.50; and (iii) the amount convertible is cap by Dijaya's net profit in the prior year. As such, TSDDT (CEO of Dijaya) will need to delivery stronger earnings for him to reap the benefit of RCULS.

Fig 19: Land and investment properties to be acquired from TSDDT

Land held for development			Investment Properties	
Klang Valley	Johor, Penang and NS	Sabah	Klang Valley	Sabah
Jln Selangor, PJ	Mt Austin, Johor	The Landmark, KK	Dijaya Plaza, KL	Bgn Moretune
SS2 PJ	Jln Tun Razak, Johor	Jln Segama, Lahad Datu	Bgn Metro, Klang	Bgn Tiara, Sandakan
Desa Aman Puri, Kepong	Rahang Land, NS	Tawau City	Jaya Square, PJ	Bgn D. Junction
Jln Kepong Besar	Bkt Kepayang, NS	Tmn Tshun Ngen, Sandakan	Intan Square, PJ	Penampang Point
SS13, Subang Jaya	Jln Macalister, Penang	Off Jln Lintas, KK	Wisma TT, PJ	Bgn Blue 7, Penampang
Jln Harapan, PJ		Sadong Jaya	Casa Klang, Meru	
Jln Sungei Besi		Jln Albert Kwok, KK	Cash Sq, Puchong	
Sunway Kenari		Lido Junc., Penampang		
Jln Kia Peng				
Jln Bukit Bintang				
Jln Ampang				
			Johor, Penang and NS	
			Coliseum Sq, Johor	

Source: Company data

Earnings Outlook

Expect higher property sales from multiple project launches

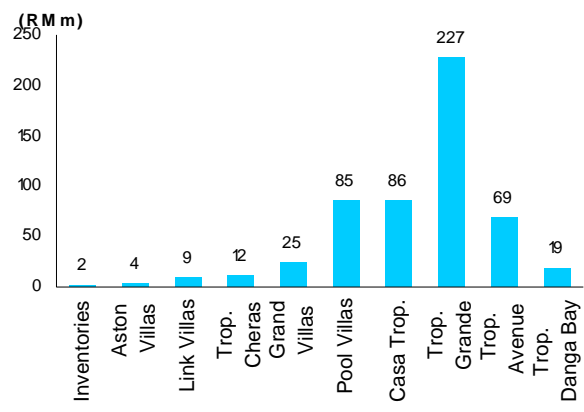
Dijaya has lined up RM1.57bn worth of new property launches for 2012 and RM2.64bn for 2013 (please refer to Page 4, Fig 8 and 9 for details). Management targets to achieve RM788m of new properties sales in 2012, driven by both its ongoing and upcoming projects. Management's 2012 sales target, in our view, is reasonable.

We understand that the company's Tropez Residence Tower A and Tower B @ Danga Bay (GDV RM487m), launched in Dec-2011 with an average selling price of RM600psf, has received good response with a take-up rate of up to 70% for the non-bumi units. This marked a strong start for Dijaya's entry into Danga Bay. We think that the group's strong brandings and the pent-up demand for properties at Danga Bay has lead to the encouraging take-ups.

In Klang Valley, we are mildly positive on its upcoming development projects in Tropicana Hills (Subang), Tropicana Avenue (Tropicana Golf & Country Resort) and Tropicana Grande (Tropicana Indah) - we believe there is a good demand for quality properties in Subang and medium end properties in the Tropicana Golf & Country Resort. Meanwhile the Tropicana Grande may achieve moderate to decent take-ups rate given its strategic location next to an upcoming MRT station and good sales take-ups for properties in Sunway Nexis, an integrated project opposite Tropicana Grande. Elsewhere, we expect the company's property sales to remain soft to moderate, in line with its projections.

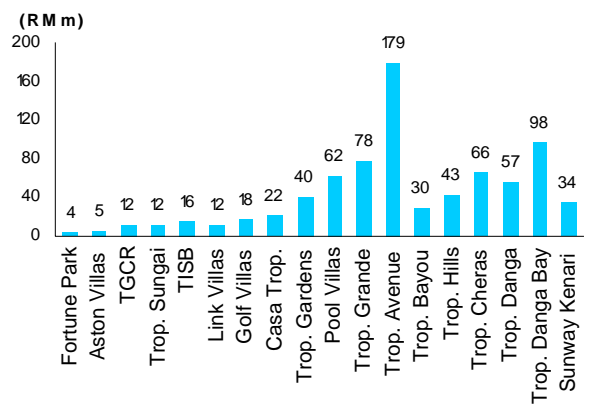
All in, we believe Dijaya's 2012 sales target may come in ahead of management guidance at around RM870m, driven by good take-ups for Danga Bay and Tropicana Hills properties. For 2013, we expect Dijaya's new property sales to exceed the RM1bn mark at RM1.2bn on more products offerings (ie. Penang World City project) and further take-ups for the properties launched in 2011-12.

Fig 20: Breakdown of unbilled sales (RM538m)



Source: Company data

Fig 21: Management's 2012 sales projection (RM788m)

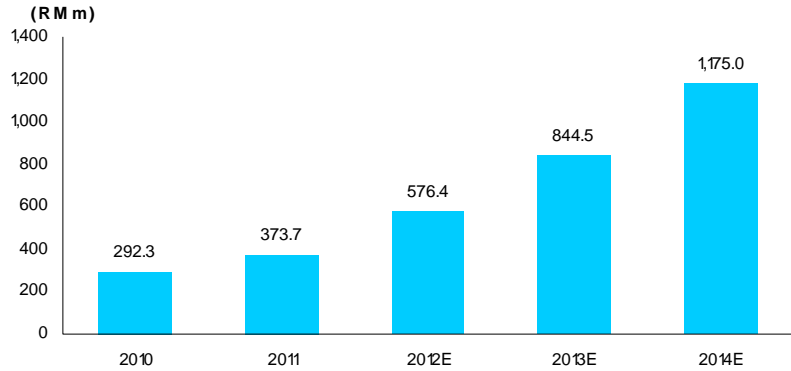


Source: Company data

Explosive 3-year earnings CAGR of 46%

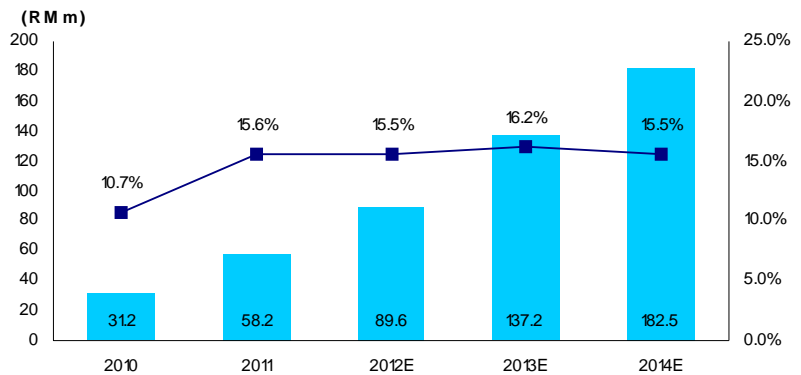
We project Dijaya's core net profit to grow at an explosive 3-year CAGR of 46%, from RM58.2m in 2011 to RM182.5m in 2014 driven by higher property development and property investment revenue based on its RM538m unbilled sales as at end-Dec 2011, an aggressive launch target in 2012-13 and inputting higher property investment income from its existing and upcoming (TSDDT) property investment. Key risks to our earnings forecast are weaker-than-expected property take-ups and delays in property launches / construction starts.

Fig 22: Dijaya's revenue



Source: Company data, Affin

Fig 23: Dijaya's core net profit and core net profit margin



Source: Company data, Affin

RNAV and indicative fair value

Fully diluted RNAV of RM2.47

We estimate Dijaya's fully diluted RNAV per share at RM2.47 (before 4 for 5 rights, but accounted for the impact of amalgamation and rights issue exercise). Applying the 20-30% discount to RNAV for the property stocks under our coverage, we opine that Dijaya's fair value lies between RM1.44-1.78. We are positive on its long-term prospects in view of its committed and active management team, extensive business contacts, strategic land bank and strong launching pipeline. That said, we are cautious on the prevailing demand for luxury condominiums and high-end bungalows. Key risks to the company include property market risk, execution risk, possible share overhang (post rights and annual conversion of RCULS) and high borrowings.

Fig 10: Dijaya's RNAV pre- and post- amalgamation, right issues and conversion of RCULS (assume maximum subscriptions)

	Stake	Size (acre)	Market Value (RM psf)	Book Value (RM psf)	Surplus (RMm)
Existing land bank (selected)					
Tropicana Golf & Country Resort	100%	28.4	200.00	9.85	235.2
Tropicana Indah Resort Homes	70%	17.6	200.00	6.43	103.9
Tropicana Cheras	100%	26.7	30.00	16.04	16.2
Tropicana Bayou	100%	66.0	30.00	16.51	38.8
W Hotel & Residences	100%	1.3	2,300.00	2,172.78	7.2
New land bank acquired in 2010-11					
Tropicana Danga Bay	60%	37.1	190.00	190.00	-
Tropicana Subang	100%	88.5	100.00	100.00	-
Tropicana Kampar	100%	12.9	10.00	10.00	-
Tropicana Senibong	100%	4.0	62.50	62.50	-
Tropicana Danga Cove*	50%	227.0	22.50	22.50	-
Tropicana Kajang*	100%	198.5	26.36	26.36	-
Jalan Sultan Ismail*	100%	1.2	2,400.00	2,400.00	-
Tropicana Ivory*	55%	102.6	240.00	240.00	-
Subtotal					401.3
Investment properties	Stake		Market Value (RMm)	Book Value (RMm)	Surplus (RMm)
Tropicana City Mall and Office Tower	100%		315.5	266.4	49.1
Total Revaluation surplus					450.5
			NAV (RM)	Share out. (m)	NAV per share (RM)
Shareholders' Fund @ 31 December 2011			949.8	458.4	2.07
Add: revaluation surplus			450.5	-	
Add: proceeds from exercise of warrants and ESOS			163.8	155.8	
RNAV (pre-amalgamation and right issues)			1,564.1	614.1	2.55
Proposed amalgamation and right issues					
Add: proposed acquisitions			760.4	-	
Add: proceeds from right issues			568.2	614.1	
Fully diluted RNAV post amalgamation and rights issue			2,892.7	1,228.3	2.36
Adjust for full conversion of RCULS**			89.6	510.4	
Fully diluted RNAV post amalgamation, right and conversion of RCULS			2,982.3	1,738.7	1.72

* Pending completion

** Assume weighted average conversion price of RM1.66

Source: Company data, Affin

Fig 11: Indicative fair value of Dijaya based on different % of discount to RNAV

% of discount to fully diluted RNAV post amalgamation, right and conversion of RCULS	FV of Dijaya post-corporate exercises	FV of Dijaya pre-corporate exercises
0%	1.72	2.47
10%	1.54	2.13
20%	1.37	1.78
30%	1.20	1.44

Source: Company data, Affin

Dijaya Corporation – FINANCIAL SUMMARY

Profit & Loss Statement

FYE 31 Dec (RMm)	2010	2011	2012E	2013E	2014E
Revenue	292.3	373.7	576.4	844.5	1175.0
Operating expenses	-242.5	-277.6	-411.2	-605.0	-863.8
EBITDA	49.7	96.1	165.2	239.5	311.2
Depreciation	-14.6	-15.2	-15.8	-16.2	-16.7
EBIT	35.2	80.8	149.4	223.3	294.5
Net int income/(expense)	-1.0	-5.8	-28.1	-36.8	-40.6
Associates' contribution	6.6	5.5	0.3	1.4	3.4
Others	12.6	7.2	-21.0	0.0	0.0
Pretax profit	53.4	87.7	100.6	187.8	257.3
Tax	-5.7	-15.0	-20.1	-37.6	-51.5
Minority interest	-4.4	-7.6	-6.8	-13.1	-23.4
Net profit	43.3	65.1	73.7	137.2	182.5
Core net profit	31.2	58.2	89.6	137.2	182.5

Balance Sheet Statement

FYE 31 Dec (RMm)	2010	2011	2012E	2013E	2014E
Fixed assets	840.9	1,607.5	3,264.8	3,473.5	3,681.9
Other long term assets	89.4	92.0	152.3	153.7	157.1
Total non-current assets	930.3	1,699.5	3,417.0	3,627.2	3,839.0
Cash and equivalents	240.6	121.4	512.3	394.6	354.2
Stocks	33.2	19.8	29.3	43.1	61.5
Debtors	85.6	196.6	236.9	347.1	482.9
Other current assets	230.0	443.7	567.6	779.9	1,063.6
Total current assets	589.5	781.5	1,346.1	1,564.6	1,962.1
Creditors	179.9	258.6	451.8	611.1	823.8
Short term borrowings	2.7	146.0	160.0	180.0	200.0
Other current liabilities	29.3	8.1	8.1	8.1	8.1
Total current liabilities	211.9	412.7	619.9	799.2	1,031.9
Long term borrowings	208.7	857.0	1,270.0	1,300.0	1,400.0
Other long term liabilities	139.6	143.5	145.5	149.2	154.4
Total long term liabilities	348.2	1,000.5	1,415.5	1,449.2	1,554.4
Shareholders' Funds	898.8	949.8	2,512.9	2,625.6	2,783.5
Minority interest	60.8	118.0	214.8	317.9	431.3

Cash Flow Statement

FYE 31 Dec (RMm)	2010	2011	2012E	2013E	2014E
Pretax profit	53.4	87.7	100.6	187.8	257.3
Depreciation & amortisation	14.6	15.2	15.8	16.2	16.7
Working capital changes	61.4	-253.6	19.6	-177.0	-225.2
Cash tax paid	-19.7	-12.9	-18.1	-33.8	-46.3
Others	-34.0	-9.6	16.0	-8.2	-9.0
Cashflow from operation	75.7	-173.1	133.9	-15.0	-6.5
Capex	-176.5	-790.3	-1673.0	-225.0	-225.0
Others	-2.8	94.7	-55.2	6.8	5.6
Cash flow from investing	-179.3	-695.6	-1728.2	-218.2	-219.4
Debt raised/(repaid)	70.3	791.7	321.0	50.0	120.0
Dividends paid	-10.2	-17.1	-22.1	-24.5	-24.5
Others	-12.8	-21.0	1686.4	90.0	90.0
Cash flow from financing	47.2	753.6	1985.3	115.5	185.5
Free Cash Flow	-100.8	-963.4	-1539.1	-240.0	-231.5

Source: Company data, Affin

Key Financial Ratios and Margins

FYE 31 Dec (RMm)	2010	2011	2012E	2013E	2014E
Growth					
Revenue (%)	-6.3	27.9	54.2	46.5	39.1
EBITDA (%)	-10.9	93.1	72.0	45.0	29.9
Core net profit (%)	46.0	86.3	53.9	53.1	33.0
Profitability					
EBITDA margin (%)	17.0	25.7	28.7	28.4	26.5
PBT margin (%)	18.3	23.5	17.5	22.2	21.9
Net profit margin (%)	14.8	17.4	12.8	16.2	15.5
Effective tax rate (%)	10.7	17.1	20.0	20.0	20.0
ROA (%)	2.9	3.3	2.0	2.8	3.3
Core ROE (%)	3.6	6.3	5.2	5.3	6.7
ROCE (%)	3.3	5.3	5.1	5.5	6.9
Dividend payout ratio (%)	39.4	15.8	16.8	17.9	13.4
Liquidity					
Current ratio (x)	2.8	1.9	2.2	2.0	1.9
Op. cash flow (RMm)	75.7	-173.1	133.9	-15.0	-6.5
Free cashflow (RMm)	-100.8	-963.4	-1539.1	-240.0	-231.5
FCF/share (sen)	-22.2	-210.2	-139.5	-21.7	-21.0
Asset management					
Debtors turnover (days)	106.9	192.0	150.0	150.0	150.0
Stock turnover (days)	50.0	26.0	26.0	26.0	26.0
Creditors turnover (days)	270.7	339.9	401.0	368.7	348.1
Capital structure					
Net gearing (%)	net cash	92.8	36.5	41.3	44.8
Interest cover (x)	8.3	8.6	5.0	5.5	6.7

Quarterly Profit & Loss

FYE 31 Dec (RMm)	4QFY10	1QFY11	2QFY11	3QFY11	4QFY11
Revenue	101.9	57.7	70.7	89.2	156.2
Operating expenses	-83.7	-48.1	-57.9	-73.0	-114.0
EBIT	18.3	9.6	12.8	16.2	42.2
Net int income/(expense)	-1.6	-1.4	0.6	-3.2	-1.9
Associates' contribution	1.7	1.4	1.8	0.9	1.4
Exceptional items	11.1	10.3	10.2	-22.3	9.0
Pretax profit	29.4	20.0	25.4	-8.4	50.8
Tax	4.9	-1.4	-2.8	-3.6	-7.2
Minority interest	0.2	-0.4	-1.8	-0.8	-4.6
Net profit	34.6	18.1	20.8	-12.8	39.0
Core net profit	23.4	7.8	10.6	9.4	30.1
Margins (%)					
EBIT	18%	17%	18%	18%	27%
PBT	29%	35%	36%	-9%	32%
Net profit	34%	31%	29%	-14%	25%

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +15% over a 12-month period
TRADING BUY (TR BUY)	Total return is expected to exceed +15% over a 3-month period due to short-term positive development, but fundamentals are not strong enough to warrant a Buy call. This is to cater to investors who are willing to take on higher risks
ADD	Total return is expected to be between 0% to +15% over a 12-month period
REDUCE	Total return is expected to be between 0% to -15% over a 12-month period
TRADING SELL (TR SELL)	Total return is expected to exceed -15% over a 3-month period due to short-term negative development, but fundamentals are strong enough to avoid a Sell call. This is to cater to investors who are willing to take on higher risks
SELL	Total return is expected to be below -15% over a 12-month period
NOT RATED	Affin Investment Bank does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation
OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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