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MARKET DATELINE
MALAYSIA EQUITY
Investment Research

Initiation Coverage

Dijaya Corporation

At The Stage Of Transformation

BUY

Target RM2.00
Previous -
Price RM1.53

Property

Stock Statistics

Bloomberg Ticker DJC MK
Market Cap RM1,213.7m
USD391.5m
52 wk H/L price 1.56 0.937
3m ADT RM0.7m
YTD Returns 48.5%
Beta (x) 1.07

Major Shareholders (%)

Tan Sri Dato' Danny Tan 71.4

Share Price Performance (%)

Month	Absolute	Relative
1m	14.2	19.1
3m	50.0	52.0
6m	51.5	48.0
12m	29.4	21.7

6-month Share Price Performance



Source: Bloomberg

We initiate coverage on Dijaya with a Buy rating and fair value of RM2.00. Dijaya is entering the transformation phase after the completion of its amalgamation exercise in 3Q12. We are confident that the current ongoing de-gearing exercise led by Dato' Yau will be successful. FY13 will see quantum leap earnings growth backed by RM50bn GDV in the portfolio. This will translate to massive PE compression.

A total makeover of balance sheet. Dijaya is actively disposing of its non-core assets, including small land parcels and investment properties, to reduce its gearing to 0.5x from the current 0.8x. This is the right strategy, as de-gearing will lead to margin expansion via interest cost savings. Meanwhile, the management will be more focused on its anchor projects. Based on our forecast, Dijaya's net gearing is expected to lower to 0.6x in FY13 and 0.48x in FY14.

GDV of about RM50bn to back quantum leap growth. We expect FY13 earnings to jump 185% to RM170m, on the back of RM2.9bn worth of launches this year, as well as RM951m unbilled sales. Dijaya has about 900 acres of landbank but yielding RM50bn worth of GDV, as the popular water/sea-fronting projects make up almost half of the portfolio GDV.

De-gearing enables inorganic growth; M&A a wild card. Dijaya is likely to embark on inorganic growth to build up the size of the company. The de-gearing exercise is, therefore, necessary to strengthen its war chest, not only for normal landbanking activities, but also exploring the M&A angle.

Forecasts. Land sale/trading is a new business division for Dijaya starting this year. We estimate FY13-14 earnings to grow at 185% and 17%.

Investment case. We initiate coverage on Dijaya with a Buy recommendation and fair value of RM2.00, at 35% discount to RNAV. Despite the recent re-rating in the stock, we believe the market has yet to price in the full prospects of the company, considering the sharp improvement in earnings that will result in a massive PE compression to 7.6x in FY13 from 20x in FY12.

Forecasts and Valuations	Dec-10	Dec-11	Dec-12	Dec-13F	Dec-14F
Total turnover (RMm)	288.9	375.2	630.1	1,340.2	1,623.8
Recurring net profit (RMm)	38.0	57.0	59.6	170.1	198.7
Recurring net profit growth (%)	-	50.0	4.6	185.4	16.9
Core EPS (sen)	7.6	11.3	7.5	20.2	21.4
Core EPS growth (%)	-	49.0	(33.6)	168.4	6.2
DPS (sen)	3.4	2.3	4.8	5.5	5.9
Dividend Yield (%)	2.2	1.5	3.1	3.6	3.8
Core P/E (x)	20.1	13.5	20.4	7.6	7.1
Return on average equity (%)	4.2	6.0	2.9	7.6	8.1
P/B (x)	0.9	0.8	0.4	0.6	0.6
EV/EBITDA (x)	6.0	13.0	9.0	10.6	11.3
Net debt to equity (x)	(0.0)	0.9	0.8	0.6	0.5
RHB vs consensus EPS (%)				83.4	47.8

Source: Company data, RHBRI estimates

FINANCIAL

Profit & Loss (RMm)	Dec-10	Dec-11	Dec-12	Dec-13F	Dec-14F
Turnover	288.9	375.2	630.1	1,340.2	1,623.8
EBITDA	72.8	115.4	259.9	276.2	257.0
<i>EBITDA margin (%)</i>	25.2	30.8	41.2	20.6	15.8
Depreciation & amortisation	(14.6)	(16.4)	(17.3)	(17.5)	(14.4)
EBIT	58.2	99.0	242.6	258.8	242.7
<i>EBIT margin (%)</i>	20.1	26.4	38.5	19.3	14.9
Net Interest	(6.3)	(6.0)	(27.5)	(43.2)	(37.9)
Associates	0.0	6.3	5.5	18.5	69.1
Exceptional items	5.3	20.0	109.6	0.0	0.0
Pretax Profit	53.4	99.2	220.6	239.5	279.9
<i>Pretax margin (%)</i>	18.5	26.4	35.0	17.9	17.2
Tax	(5.7)	(14.6)	(41.9)	(50.3)	(58.8)
PAT	47.7	84.6	178.7	189.2	221.1
Minorities	(4.4)	(7.6)	(9.5)	(19.2)	(22.4)
Net Profit	38.0	57.0	59.6	170.1	198.7
<i>Net Profit margin (%)</i>	13.2	15.2	9.5	12.7	12.2

Source: Company data, RHBRI estimates

INVESTMENT MERITS

A makeover of Dijaya's balance sheet. Investors' concern on Dijaya's stretched balance sheet will be eased going forward. Management is determined to lower Dijaya's net gearing to 0.5x by end 2013 (vs. our net gearing forecast of 0.6x) from 0.8x currently. In view of the amount of projects running concurrently and hence the working capital requirement, the management, including the major shareholder Tan Sri Dato' Danny Tan, recognises the need to pare down Dijaya's debt leverage. Dato' Yau Kok Seng came on board in Jan 2013. From our recent meeting with the management, Dato' Yau has put de-gearing exercise as top priority in his strategies for the group, apart from driving the company's usual property development business. He is chairing the De-gearing Committee currently, and the plans to cut gearing include:

- (i) Sale of raw land;
- (ii) Disposal of investment properties;
- (iii) Disposal of marketable securities;
- (iv) Sale of unsold stocks; and
- (v) Sale of work-in-progress stocks

Dato' Yau has over 25 years of experience in auditing and corporate finance. He has a long service in the Sunway Group. He joined Sunway as Head of Corporate Finance in 1992, and was subsequently promoted as Group Finance Director and later Managing Director of Sunway Holdings Bhd. He was best known for his financial restructuring and de-gearing exercise in Sunway, by selling non-core assets as well as fund raising, hence successfully cutting net gearing to 0.65x from 1.05x in just over 1-2 year's time. Prior to Dijaya, Dato' Yau was the Group Managing Director of Hong Leong Industries Berhad.

We estimate that, Dijaya will need to reduce its debt by about RM600m to hit the 0.5x gearing target. As part of the de-gearing exercise, land sale/trading has become a new business division that is expected to contribute to Dijaya's earnings considerably over the next few years. Most of the land parcels injected from the amalgamation exercise will be targeted for sale, as the sizes are generally small and hence not efficient enough for proper developments. Indeed, since the completion of the corporate exercise in 3Q 2012, Dijaya has been disposing of the land parcels. Thus far, Dijaya has successfully sold six parcels of land worth RM219m since 2012 (RM208m in 2013), and all parcels were sold at a generous gain compared to the book cost. Apart from the lower-valued property assets, some valuable investment properties, such as the crown jewel Tropicana City Mall and Office as well as Dijaya Plaza, which could worth RM500-600m combined, may also put up for sale if the offer price is right. Therefore, landbanks and properties will not be sold at fire-sale prices. Also, the sale of marketable securities, which are mainly the shares held in Berjaya Corp, is estimated to generate proceeds of about RM9m.

We are positive on the move. Dijaya's balance sheet has been laden with debt due to the company's ambitious expansion over the past few years. By reducing the liabilities, it will help Dijaya to save its interest expense, which currently amounted to RM90-100m per year (including debt repayment). Apart from margin expansion for property projects arising from interest cost savings, de-gearing will also allow management to stay focused on its anchor projects in the Iskandar, Klang Valley and Penang. By selling the smaller land parcels which yield smaller development values, distractions can be avoided.

Table 1: List of investment properties available for sale

Properties	Location	Book value (RM mil)	NLA
Tropicana City Mall & Office	Klang Valley	503.1	540,571
Dijaya Plaza, KL	City Centre	125.4	149,030
Bangunan Metro, Klang	Klang Valley	17.0	60,360
Jaya Square, Petaling Jaya	Klang Valley	18.0	45,550
Intan Square, Petaling Jaya	Klang Valley	23.0	41,620
Wisma TT, Petaling Jaya	Klang Valley	25.0	64,940
Casa Klang, Jalan Meru	Klang Valley	30.0	68,520
Casa Square, Puchong	Klang Valley	45.0	105,170
Coliseum Square, Ipoh	Perak	23.0	49,990
Bangunan Keningau	Sabah	5.5	11,670
Bangunan Magma, Off Jalan Damai, KK	Sabah	5.8	17,140
New Pantai Building, Tanjung Aru, KK	Sabah	7.8	17,710
Bangunan Moretune	Sabah	11.0	27,290
Bangunan Tiara, Sandakan	Sabah	12.2	32,640
Bangunan D. Junction	Sabah	21.0	34,710
Penampang Point	Sabah	19.5	44,210
Bangunan Blue 7, Penampang	Sabah	26.5	55,130

Source: Company

Table 2: Land parcels which have been sold

Year	Land parcel	Acres	Cost (RM mil)	Cost psf (RM)	Sales value (RM mil)	Selling price psf (RM)	Gross gain (RM mil)
2012	Mt Austin, Johor	1.5	6	85	11	170	6
2013	Bayou, Balakong	66.0	48	17	106	37	58
2013	SS2, PJ	0.9	12	305	15	400	4
2013	Desa Aman Puri, Kepong	1.8	11	140	19	240	8
2013	Desa Mentari, Sunway	1.8	20	260	23	300	3
2013	Senibong	4.0	11	62	44	250	33
Total gross gain in 2013							106

Source: Company

GDV of about RM50bn to back quantum-leap in earnings growth. We expect FY13 earnings to jump remarkably by 185% to RM170m. Besides lumpy earnings from land sales, Dijaya's earnings growth will also be driven by the anchor projects in three key property hotspots in Malaysia – Klang Valley (RM14.4bn), Iskandar (RM24bn) and Penang (RM10bn). Some of these projects are water or sea-fronting, and therefore fetch higher GDV. In 2013, about RM2.9bn worth of projects are slated for launch and the management has set an ambitious RM2bn sales target, compared to RM967m achieved in 2012. We believe the RM2bn target is achievable, as Phase 1 Penang World City (about RM500m GDV for four blocks) has received encouraging booking in its soft launch during the Chinese New Year period. The Tropicana Gardens and Iskandar projects – Tropicana Danga Bay and Tropicana Danga Cove will also sell well. Other launches in the pipeline include RM589m from the W Residences, RM200m from the Tropicana Macalister Penang and about RM600m from the Iskandar Danga Bay and Danga Cove projects. Short-term earnings will be underpinned by RM951m unbilled sales.

Table 3: Pipeline launches for 2013

Projects	GDV (RM mil)
<u>Central Region</u>	
Tropicana Heights	40
Tropicana Cheras	86
Tropicana Gardens	252
Tropicana Metropark	350
W KL Hotel & Residences	589
<u>Southern Region</u>	
Tropicana Danga Cove	284
Tropicana Danga Bay	333
<u>Northern Region</u>	
Tropicana Macalister	200
Penang World City	611
<u>Eastern Region</u>	
Tropicana Landmark	108
Total	2,853
<i>Source: Company</i>	

Central Region – Klang Valley

There are four key projects in the Klang Valley region: (i) Tropicana Gardens; (ii) Tropicana Metropark; (iii) Tropicana Heights; and (iv) W KL Hotel & The Residences.

Tropicana Gardens has a GDV of RM1.8bn. It is a mixed commercial development project located at Kota Damansara. Apart from serviced apartments, SOHO, office and hotel, there is also a retail mall with an estimated 1mil sqf NLA. Due to its proximity to the Dataran Sunway MRT station, the response for the recent launch was overwhelming with almost 100% booking. The serviced apartments were priced at RM1,200 psf (RM1,000 psf after discount) on average, compared to about RM820

psf during the first launch in Oct 2012. The smaller unit size of 600-700 sqf offered has made unit prices attractive and more affordable due to the lower absolute amount (below RM1 mil mark).

Tropicana Metropark (GDV RM6.3bn) is a 88-acre freehold commercial project located at Subang Jaya. Development period of 16 years is quite long, given the size of this land parcel. There are multiple blocks of serviced apartments and the commercial component includes offices, retail lots and a shopping mall with 500-600k sqf NLA. Sales at Metropark were decent during its soft launch, and we believe Dijaya will need some time to step up its selling prices, as there are many blocks of serviced apartments in the whole project.

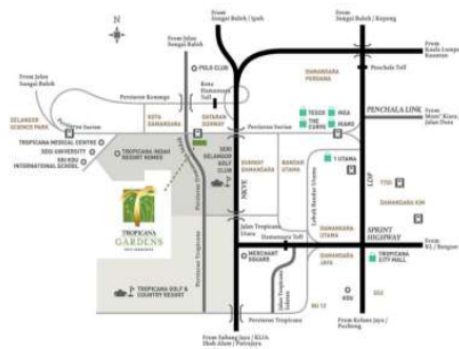
Tropicana Heights Kajang is a new township project in the southern Klang Valley. It is worth a GDV of RM2.2bn, and has a land area of almost 200 acres. The project is now at its master planning stage and Dijaya plans to roll out the first phase in 4Q13. We believe the GDV, which was fixed in 1-2 years ago, could potentially be expanded as prices of the landed homes in Kajang/Semenyih area are fast rising.

The W KL Hotel & The Residences is a prominent project in the KLCC area. The residences will be put up on top of the hotel floors, and the GDV for the residences alone is worth RM589m. Currently, Dijaya is looking for a financial partner to contribute to the hotel component. Based on the GDV, the implied selling price for the residences is about RM1,800 psf. However, management indicated that the eventual pricing could go up to RM2,000 psf. Given the Starwood brand for the hotel, we think it justifies for the premium pricing for the residences.

Figure 1: Tropicana Gardens



Tropicana Gardens	
Land Area	17.6 acres
Gross Floor Area	3.8 mil sq ft
GDV	RM1.815 billion
Property Type	Mixed: Commercial: Mall + SOHO + Office + Hotel & Residential: Serviced apt
Launching & development period	4Q2012 for 7 years
Approved plot ratio	1:4



Source: Company

Figure 2: Tropicana Metropark



Source: Company

Southern Region – Iskandar

Due to the warming bilateral relations between the Malaysia and Singapore governments, Dijaya has been aggressive in penetrating the Iskandar property market. Including the recent land acquisitions, the company has almost 400 acres of land in Iskandar that carry a total RM24bn GDV. We believe Iskandar will continue to attract more Singaporean buyers over the next 2-3 years, as connectivity between the city state and Johor will be enhanced with the completion of the MRT link (JB Sentral – Woodlands) by 2018. Furthermore, the low interest rates in Singapore and the tightening measures to curb the Singapore property market are also the supportive factors to draw Singapore buyers to Iskandar.

In our view, Dijaya entered into the Iskandar market at the right time, when land prices were still reasonable compared to the prices in the recent few transactions by Country Garden and CapitaLand/Temasek. Dijaya's average land cost for Tropicana Danga Bay and Danga Cove is at RM190 psf and RM22 psf, respectively. Given the current selling prices for Dijaya's ongoing and neighbouring projects, the cheaper land cost will translate to attractive gross profit margin to the company.

Tropicana Danga Bay, Tropicana Danga Cove, and Jalan Tun Razak are among the mid-to-high end property projects that carry higher GDVs. Take-up rates for the high-rise residences at Tropicana Danga Bay – Tropez Residences are satisfactory at almost 70% for the first two blocks and 45% for the third block. Pricing has also seen a step up from RM600 psf in end 2011 to RM680 psf in early 2012. In the pipeline, there are plans to construct a 1 mil sqf NLA shopping mall.

Tropicana Danga Cove is a relatively new project. It is located near to AEON Permas Jaya and next to the Walker's Group fully-sold Senibong Cove project, which is a high-end resort style residential development. First phase of Tropicana Danga Cove, which comprises 112 units of 3-storey shop offices pricing at RM1.2-1.5m per unit, was released in end 2012 and it has received about 90% booking (38% with SPA signed). Phases 2 and 3 are targeted to be rolled out in Jun and Sept this year, and we expect demand for this project to be strong and the pricing will be increased gradually.

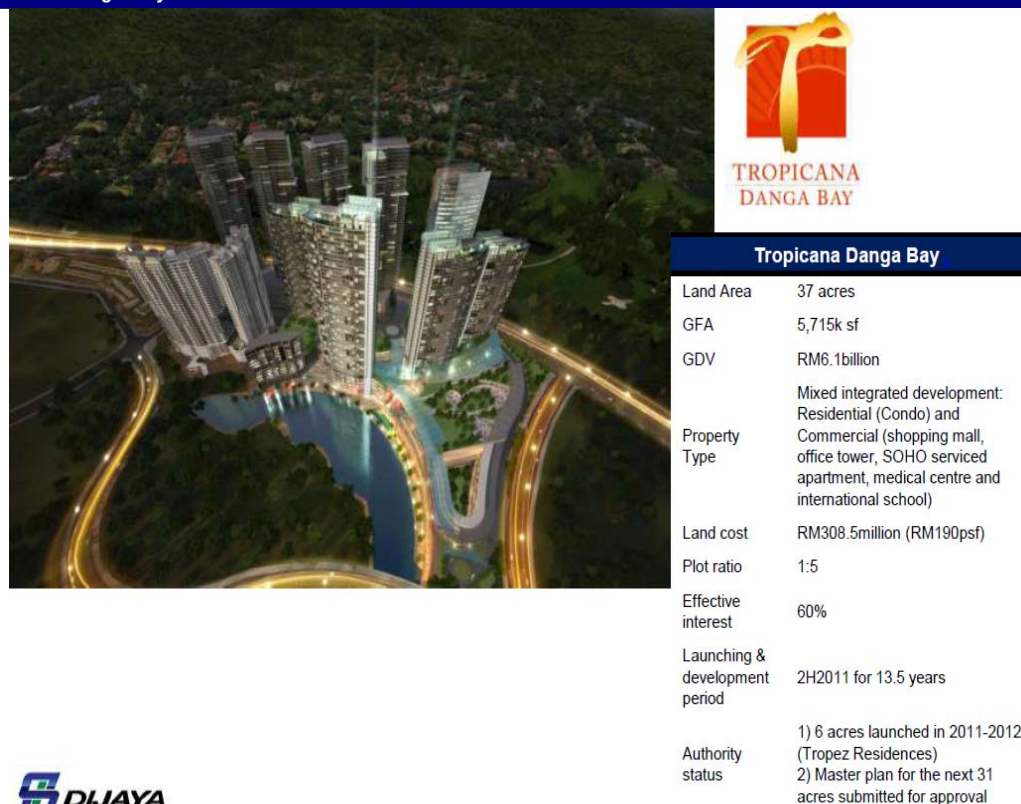
Given the steep appreciation in land values in Iskandar, Dijaya is also taking the opportunity to sell some less strategic land parcels. This will also control the company's exposure to the Iskandar market given the sizeable projects that it already has. We expect Dijaya to bag some decent amount of disposal gains this year if more land sales in Iskandar materialise.

Figure 3: Dijaya's projects in Iskandar



Source: Company

Figure 4: Tropicana Danga Bay

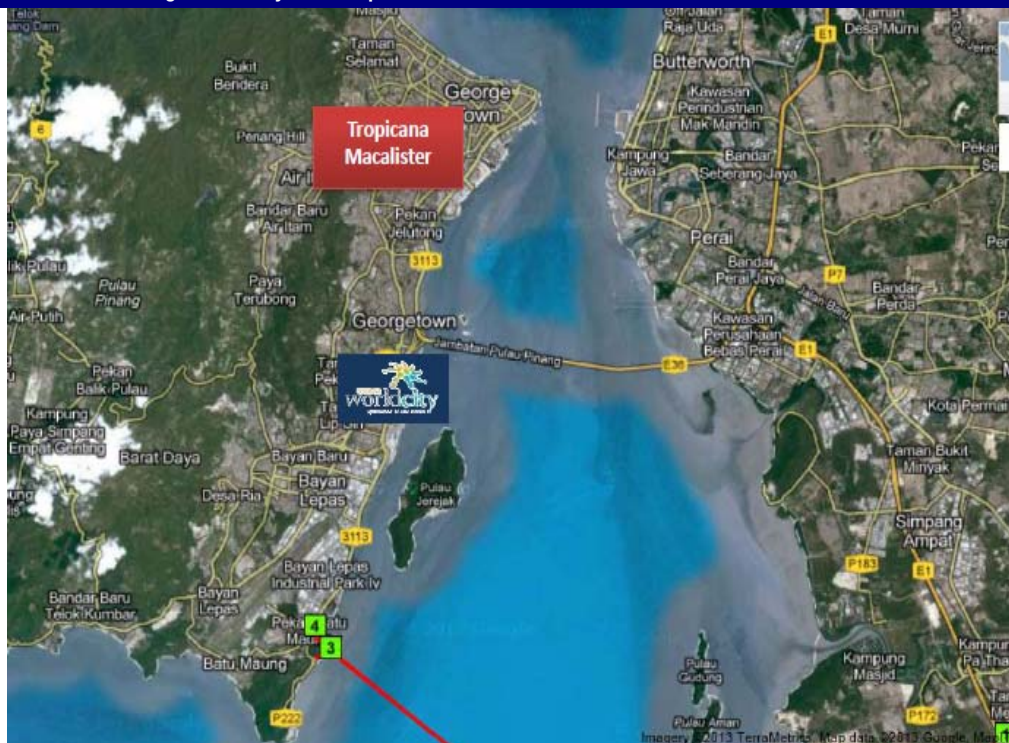


Source: Company

Northern Region – Penang Island

Dijaya's largest project in Penang is the 55:45 JV project with Ivory Properties, who won the bid for the 102.6 acres land at Bayan Mutiara (67.6 acres existing land plus 35 acres to be reclaimed) at RM240 psf from the state government. The project is called Penang World City. It is a mixed commercial and residential project with a GDV of RM9.8bn over a development period of 15 years. The project also includes a shopping mall which is estimated to have an NLA of 1mil sqf. Given the size of the project and the staggered payment required to repay to the Penang Development Corp, we will not rule out the possibility that the JV may carve out a smaller land parcel for a third party developer, or get another partner to form a consortium. If a reputable party is involved, this could potentially change or add value to the entire development.

First phase – Tropicana Bay Residences (four blocks) was previewed in Jan/Feb at an average selling price of RM678 – 788 psf for the Tower A and B. Due to attractive discount offered and therefore lower effective pricing, the initial phase was very well-received. Tower C and Tower D were subsequently opened at a higher average selling price of RM701-834 psf. The discounted price is comparable to the current market price for The Light Linear project by IJM Land, which was already completed in end 2012. Thus far, Towers A and B of Tropicana Bay Residences have achieved a booking of 80% and Towers C and D are 60% booked. We believe the eventual take-up rate with SPA signed will be slightly lower at 60-70%, as some potential buyers may be turned down for their mortgage loan applications. The eventual take-up rate will still be decent.

Figure 5: Location of the Penang World City and Tropicana Macalister

Source: Company

Figure 6: Penang World City – Tropicana Bay Residences

Project: Tower A
 No of Units: 256
 Estimated GDV: RM154 mil
 Launch Date: Jun 2013
 ASP: RM678–RM788psf

Project: Tower B
 No of Units: 216
 Estimated GDV: RM144 mil
 Launch Date: Jun 2013
 ASP: RM678–RM788psf

Project: Tower C
 No of Units: 197
 Estimated GDV: RM155 mil
 Launch Date: Jun 2013
 ASP: RM701–RM834psf

Project: Tower D
 No of Units: 238
 Estimated GDV: RM157 mil
 Launch Date: Jun 2013
 ASP: RM701–RM834psf

Source: Company

De-gearing enables inorganic growth; M&A a wild card. Dijaya's de-gearing exercise is also necessary for the company to have flexibility in pursuing inorganic growth. From our recent meeting, we sense that the management is eager to widen its presence in the property scene and build up the size of the company. In end 2012, it was reported in some media reports that Dijaya is exploring the possibility to merge with some renowned developers, and Mah Sing is one of the potential candidates. While Mah Sing has denied that, we believe Dijaya's management still has the intention to expand its company via inorganic growth, perhaps with other candidates. In our view, unless the pricing and terms are fairly attractive, Tan Sri Leong is unlikely to let go his ownership and control of Mah Sing. The current de-gearing exercise and fund raising via disposal of non-core assets will certainly strengthen Dijaya's war chest to explore the M&A angle. To re-iterate, Dijaya is now sitting on 900 acres of land with GDV of about RM50bn. The GDV portfolio is comparable to the developers in the top of the league, such as UEM Land, SP Setia, IJM Land and Sunway.

Company and management background. Dijaya is 71% owned by Tan Sri Dato' Danny Tan Chee Sing, who is the Executive Vice Chairman of the company. Dijaya is known for its flagship development Tropicana Golf and Country Resort and Tropicana Indah that cover a total 1,035 acres at Petaling Jaya. The project was started in 1992. It is an award winning township that offers exclusive high-end residential products as well as mid-end mass high-rise developments. The total GDV amounted to RM5bn, and it has now reached the tail-end of the development.

Besides Dato' Yau Kok Seng, who is currently the Group CEO of Dijaya, Dato' Dickson Tan, Tan Sri Dato' Danny Tan's son, is the Group Managing Director, who is involved in corporate strategy and planning, as well sales and business development. In the board, there are also Mr. Edmund Kong and Dato' Andy Khoo, who are the Executive Directors with more than 20 years of experience in the property industry.

In early 2012, Dijaya undertook an amalgamation exercise, whereby Tan Sri Dato' Danny Tan injected 16 investment properties worth RM385m (contributing 826k sqf NLA) and 64 acres land parcels that were privately held at a total consideration of RM949m. This was satisfied by RM250m cash and the balance via the issuance of a 10-year 3% coupon Dijaya RCULS, with a staggered conversion price range of RM1.30 to RM2.50 over a 10-year period. As part of the corporate exercise, Dijaya also undertook an equity fund raising via rights issue on the basis of 4 rights shares for every 5 Dijaya shares at RM1.20 per rights, and 1 bonus share for every 4 rights shares subscribed. At the meantime, Tan Sri Dato' Danny has provided Dijaya with undertakings to subscribe RM250m to the rights issue.

The corporate exercise was successfully completed in 3Q2012, and the rights were 72.2% taken up. Apart from the larger land size post amalgamation, Dijaya is also benefitting from the recurring income generated from the newly injected property assets. Currently, including the existing property assets such as the Tropicana City Mall and Office, all the investment properties are generating RM80-90m rental revenue per year to the group.

Table 4: Salient terms of the RCULS

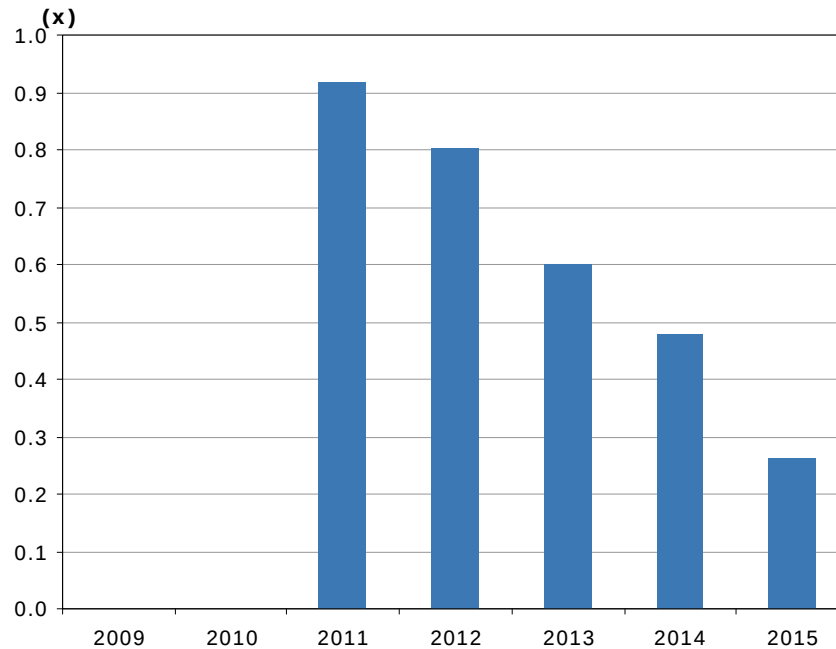
Terms	Description										
Issuer	Dijaya										
Nominal value	RM684.7m of RM1 each										
Mode of issuance	Direct issuance to the shareholders of the targeted companies										
Coupon	3%										
Tenure	10 years										
Security	Not secured										
Convertibility	Convertible at any time into new Dijaya shares at the option of the holder 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> <tr> <th><u>Years from issuance date</u></th><th><u>Conversion price</u></th></tr> <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> </table>	<u>Years from issuance date</u>	<u>Conversion price</u>	1 - 2	RM1.30	3 - 5	RM1.50	6 - 8	RM1.80	9 - 10	RM2.50
<u>Years from issuance date</u>	<u>Conversion price</u>										
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

The picture of P&L and B/S. Next two years are exciting times for Dijaya. As mentioned, earnings are likely to experience a quantum leap, as lumpy profits arising from the disposal of non-core assets from the new land sale/trading division will be largely consolidated. For FY13, we expect earnings to more than double to RM170m from RM59.6m in FY12. Profit from the land sale/trading division is likely to make up 40-50% of the bottom line. The property development division is another growth driver, given the slew of projects that Dijaya has launched in the Klang Valley, Iskandar and Penang Island. Short-term earnings will be backed by the unbilled sales of RM951m.

Balance sheet will be strengthened as a result of the cash proceeds from land sale/trading. We estimate that Dijaya's net gearing will be reduced to 0.6x in FY13 and 0.48x in FY14, from 0.8x currently. Dividend payout of 30-40% will be based on the reported net profit (excluding revaluation gain). Our forecast gross DPS for FY13-14 is 7.3 sen and 7.8 sen, compared to 6.4 sen declared in FY12. Our estimated DPS translates to a potential net yield of above 3%.

Figure 7: Dijaya's net gearing is expected to decline



Source: Company, RHBRI estimates

Valuations. We initiate coverage on Dijaya with a Buy recommendation and a fair value of RM2.00, based on 35% discount to RNAV. Our 35% discount is justifiable in view of the ongoing asset monetisation exercise. Currently, there are not many research houses covering the stock. Despite the recent re-rating in the stock, we believe the market has yet to price in the full prospects of the company, considering the steep jump in earnings that will result in a substantial PE compression to 7.6x in FY13 from 20x in FY12. We are confident that the company's de-gearing exercise led by Dato' Yau will be successful, given his track record. The planned disposal of non-core assets is already on its way.

Table 5: RNAV estimate for Dijaya

Projects	Acres	GDV	Stake	NPV @ 11 %
Tropicana Cheras	26.7	275.8	100%	20.2
Tropicana Avenue	5.6	412.3	100%	28.4
Tropicana Danga Bay	31.0	6,800.0	60%	257.7
Tropicana Danga Bay H&R	6.0	1,060.0	70%	31.3
Tropicana Gardens	17.6	2,000.0	70%	87.5
W Hotel @ The Residences	1.3	900.0	100%	47.9
Dijaya Trop. Plaza	1.1	105.0	100%	5.4
Tropicana Metropark (Subang)	88.5	6,800.0	100%	338.8
Tropicana Danga Cove (Permas Jaya Johor)	227.0	10,000.0	50%	273.4
Tropicana Heights Kajang	198.5	2,163.5	100%	165.7
Jalan Sultan Ismail	1.2	650.0	100%	39.9
Penang World City	102.6	9,802.4	55%	182.5
<u>Injected landbanks</u>				
Sunway Kenari	5.6	634.5	100%	32.8
Jalan Harapan PJ	2.8	218.1	100%	11.3
Lot 914-916 Jalan Macalister Penang	2.1	294.0	100%	15.2
Lot 184-186 Jalan Selangor PJ	1.1	83.3	100%	4.3
Lot 4271 Jalan Tun Razak JB	21.9	5,000.0	100%	246.1
Jalan Kia Peng	1.5	331.8	100%	18.4
Jalan Bukit Bintang	3.3	684.5	100%	37.9
Jalan Ampang	0.9	99.5	100%	5.5
Rahang land (Neg. Sembilan)	2.4	127.1	100%	2.7
Pekan Bkt Kepayang, Neg. Sembilan)	2.0	130.3	100%	2.8
SS13 Subang Jaya	2.5	197.4	100%	10.2
Lot 2480 Jln Kepong Besar	0.8	66.7	100%	3.6
Lot 1982 Jln Sungei Besi	3.0	248.7	100%	12.8
The Landmark, Jalan Bundusan KK	1.3	100.9	100%	5.6
Double Up, Off Jln Lintas KK	1.2	112.7	100%	5.8
Sadong Jaya, KK	1.0	120.2	100%	6.2
Jalan Albert Kwok, KK	0.9	63.7	100%	3.3
Lido Junction, Penampang	1.7	186.8	100%	7.5
Jalan Segama, Lahad Datu	1.3	27.4	100%	1.2
Tawau City land	0.8	35.6	100%	1.3
Taman Tshun Ngen, Sandakan	1.5	64.0	100%	2.2
Unbilled sales				95.1
Subtotal				2,010.3
<u>Investment properties</u>				
	<u>Location</u>	<u>BV (RM mil)</u>	<u>MV (RM mil)</u>	<u>Net surplus (RM mil)</u>
Tropicana City Mall & Office	Klang Valley	503.1	513.5	37.5
Dijaya Plaza, KL	City Centre	125.4	126.7	1.2
Bangunan Metro, Klang	Klang Valley	17.0	17.0	0.0
Jaya Square, Petaling Jaya	Klang Valley	18.0	18.0	0.0
Intan Square, Petaling Jaya	Klang Valley	23.0	23.0	0.0
Wisma TT, Petaling Jaya	Klang Valley	25.0	25.0	0.0
Casa Klang, Jalan Meru	Klang Valley	30.0	30.0	0.0
Casa Square, Puchong	Klang Valley	45.0	45.0	0.0
Coliseum Square, Ipoh	Perak	23.0	23.0	0.0
Bangunan Keningau	Sabah	5.5	5.5	0.0
Bangunan Magma, Off Jalan Damai, KK	Sabah	5.8	5.8	0.0
New Pantai Building, Tanjung Aru, KK	Sabah	7.8	7.8	0.0
Bangunan Moretune	Sabah	11.0	11.0	0.0
Bangunan Tiara, Sandakan	Sabah	12.2	12.2	0.0
Bangunan D. Junction	Sabah	21.0	21.0	0.0
Penampang Point	Sabah	19.5	19.5	0.0
Bangunan Blue 7, Penampang	Sabah	26.5	26.5	0.0
NTA (adjusted for RCULS)				2,188.7
Warrants & ESOS				217.4
Total RNAV				4,416.4

RHB Research

Share base (mil)	793.1
No. of warrants & ESOS (mil)	217.4
Enlarged share base (mil) - incl. RCULS	1,438.4
RNAV per share	3.07
Discount	35%
Fair value	2.00

Source: Company, RHBRI estimates

RECOMMENDATION HISTORY

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 10% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 10% over the next 12 months

Not Rated: Stock is not within regular research coverage

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