

Matrix Concepts Holdings

MCH MK / MATR.KL

NOT RATED

➤ **Market Cap**
US\$250.5m
 RM814.1m

➤ **Avg Daily Turnover**
US\$0.37m
 RM1.20m

➤ **Free Float**
72.5%
 300.0 m shares

Current	RM2.71
Target	N/A
Prev. Target	N/A
Up/Downside	N/A

CIMB Analyst(s)



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Company Visit Expert Opinion
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Share price info

Share price perf. (%)	1M	3M	12M
Relative	2.7	4	
Absolute	1.9	4.2	

Major shareholders	% held
Dato' Lee Tian Hock	67.0
Ho Kong Soon	8.0

Irresistible valuations

Matrix is the dominant developer in Seremban and a major beneficiary of the Klang Valley property boom. There are five key reasons why we believe investors should take a closer look at the stock, foremost of which are its forward P/E of 4.5x, 9% net yield and net cash position.

Applying a discount to RNAV of 30-40%, similar to the discount we assign to Hua Yang (another small-cap developer with strong fundamentals) and wider than the 0-20% discount applied to bigger-cap developers, we derive a value of RM4.22-4.92, which implies 56-82% upside to its current share price.

The SP Setia of Negeri Sembilan

Matrix is the leading developer in Negeri Sembilan, with over 2,000 acres of undeveloped landbank located 15-20 minutes from Seremban town centre, the capital of the state. Developments near Seremban have benefited significantly in recent years from spillover demand from Klang Valley proper as they are located near the KL International Airport and roughly an hour's drive from Kuala Lumpur. Matrix is one of the biggest beneficiaries of the Klang Valley property boom as demand for its residential and industrial properties has ballooned over the past 2-3 years.

Five reasons to take a second look

There are five key reasons to take a closer look at Matrix: 1) Matrix is an undiscovered property stock that can ride the Greater Kuala Lumpur transformation programme wave, 2) it is trading on very attractive valuations, 3) the group is in a net cash position that can fund aggressive landbanking, 4) its flagship township in Seremban has considerable competitive advantages, and 5) the market cap of the stock is not far from the RM1bn threshold that will put it on the radar of many institutional funds.

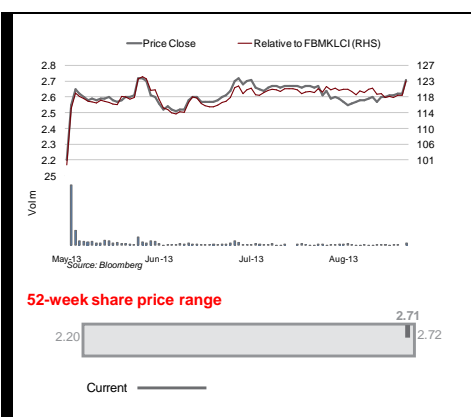
Steeplly undervalued property developer

Matrix reminds us of smaller-cap developers that used to trade at mid single-digit P/Es and near double-digit yields, such as Hua Yang and Tambun Indah. Their share prices have since rallied hard. Investors who missed out on those stocks can get another bite at the opportunity with Matrix.

Financial Summary

	2009	2010	2011	2012
Revenue (RM m)	204.0	195.7	624.3	456.1
EBITDA (RM m)	26.8	32.8	108.9	146.1
EBITDA margins (%)	13.1	16.8	84.6	32.0
Pretax profit (RM m)	24.4	30.0	106.3	142.8
Net profit (RM m)	19.1	22.0	79.9	103.5
EPS (sen)	6.4	7.3	26.6	34.5
EPS growth (%)	NA	15.1	263.1	29.5
P/E (x)	42.5	36.9	10.2	7.9
Net DPS (sen)	-	-	1.9	1.9
Dividend yield (%)	-	-	0.7	0.7
P/NTA (x)	4.5	4.0	3.4	2.4
ROE (%)	10.5	10.8	33.6	30.3
Net gearing (%)	180.4	160.0	4.1	(0.4)

SOURCE: CIMB, COMPANY REPORTS



1. BACKGROUND

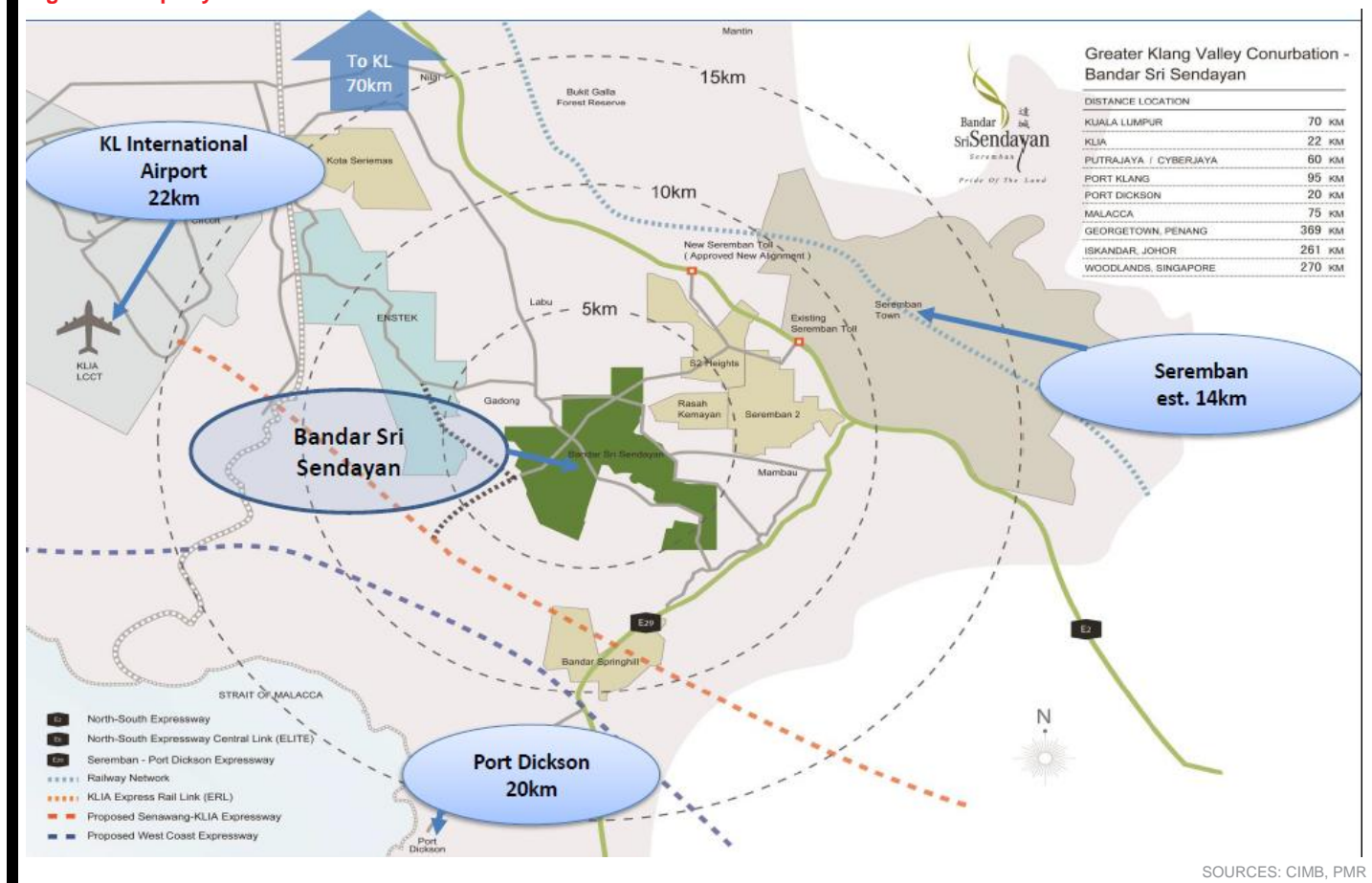
1.1 A Negeri Sembilan developer

Matrix Concepts Holdings was established in 1996 by major shareholder and CEO Dato' Lee Tian Hock. He has 30 years of experience in the property sector and started his career as an engineer. Matrix is a Seremban-based property developer with landbank in Negeri Sembilan, Johor and Kuala Lumpur. The company was listed on 28 May this year at an IPO price of RM2.20. It has two major townships, the 5,233-acre Bandar Sri Sendayan (BSS) in Seremban, Negeri Sembilan, and the 900-acre Taman Seri Impian (TSI) in Kluang, Johor. The group has several other smaller projects in Negeri Sembilan and recently acquired three parcels of land – two near BSS and one in Kuala Lumpur. To date, the group has completed RM2.2bn worth of properties measuring a total 1,860 acres.

1.2 Two major projects

BSS is the group's flagship project and is located 70km south of Kuala Lumpur and 22km from the Kuala Lumpur International Airport (KLIA). The township was launched in 2008 and has a total GDV of RM9bn, of which RM620m has been completed and RM637m is ongoing. Undeveloped land in BSS measures around 1,300 acres, of which 250 acres are industrial, 186 acres commercial and the remaining 884 acres residential. TSI was launched in 2006 and has a total GDV of RM1.3bn, of which RM421m is completed and RM68m is ongoing.

Figure 1: Property transactions



2. FIVE REASONS TO LIKE MATRIX

2.1 Matrix is an undiscovered property stock that can ride the Greater KL transformation wave ▶

Matrix was listed only four months back and remains a relatively unknown property counter. We visited the company together with other analysts and fund managers last Friday and were surprised by how strong demand was for its residential and industrial properties. It is estimated that 35-40% of its house purchasers are from the Klang Valley vs. only 5-10% three years earlier. This percentage is expected to rise to 50% in the coming years. The key reason cited for the strong interest from Klang Valley buyers is the lower prices of homes in Seremban compared with Kuala Lumpur or Selangor. The travelling time to Kuala Lumpur city centre is around an hour while prices of properties are a third to half that of comparable properties in the Klang Valley.

Figure 2: BSS site plan



SOURCES: CIMB

Figure 3: Bungalows built for Felda settlers



SOURCES: CIMB

Figure 4: Factory at Sendayan Tech Valley



SOURCES: CIMB

Figure 5: Link houses at BSS



SOURCES: CIMB

Demand for industrial properties is also seeing a strong pick-up as prices in Seremban are a fraction of that in Shah Alam or Petaling Jaya. Matrix's industrial land sells for around RM35-45 psf against over RM100 psf in key Klang Valley industrial locations. 70% of the industrial land sold in Sendayan Tech Valley (STV), the 685-acre industrial zone next to BSS, is to foreign companies as STV is listed as one of the top recommended industrial sites for foreign direct investments by the Malaysian Investment Development Authority. A new link from BSS to the North South Expressway will cut short the travelling distance and time to Kuala Lumpur slightly while a new road connecting BSS/STV to the KLIA will reduce the travelling time to the airport substantially.

We remain bullish on the Greater Kuala Lumpur transformation programme due to the huge amounts of investments into infrastructure upgrading (MRT 1, 2 and 3 and high-speed rail), beautification (river upgrade and greening of Kuala Lumpur) and job creation. The target to increase the population in Greater KL from 6m-7m to 10m by 2020 and to attract 500,000 returning Malaysians and expats can only be positive for property developers. Matrix and other developers near Seremban stand to benefit from the Greater KL transformation due to their location at the fringe of the Klang Valley corridor and proximity to the KLIA, Putrajaya Administrative Centre and Cyberjaya. Development activities from Kuala Lumpur have expanded southward towards KLIA over the past 10-15 years, making even Cyberjaya a hot property location with link houses for projects by SP Setia (SPSB MK; Neutral) and Mah Sing (MSGB MK; Outperform) priced above RM1m each.

Figure 6: Greater KL NKEA

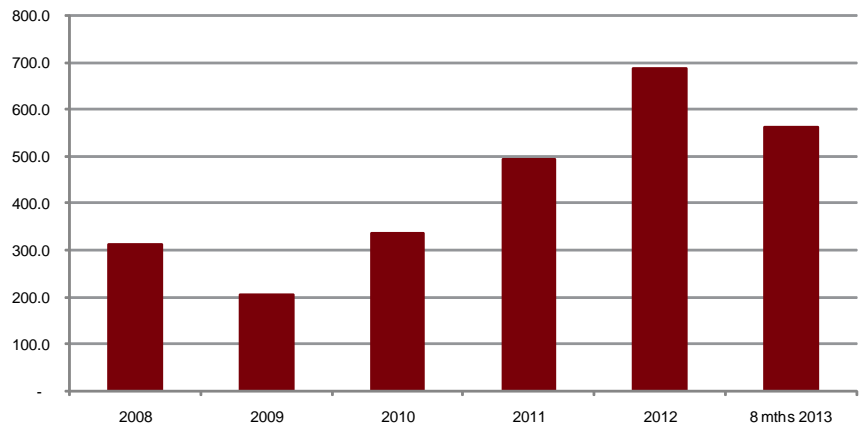
	EPP	Business Opportunities
Greater KL	1. Attract 100 top MNCs	
	2. High skilled immigration	
Greater KL connection	3. High Speed Rail	
	4. MRT	
Greater KL new places	5. Rejuvenate river life	1. Revitalise Putrajaya
	6. Greener KL	2. Housing
	7. Iconic places	
Greater KL enhanced series	8. Pedestrian network	3. Basic services - water, sewerage, electricity
	9. Solid waste water	

SOURCES: CIMB, PEMANDU

2.2 The stock is trading on very attractive valuations >

Matrix has enjoyed strong profit growth since 2011 and growth should remain elevated over the next 2-3 years. This is due to robust sales recorded since 2011. For the 8M up to Aug this year, Matrix had already sold RM562m worth of properties and is on track to beat 2012's RM687m and its 2013 target of RM700m. Unrecognised billings of the group stand at RM522m. It is estimated that Matrix has total undeveloped GDV in excess of RM12bn, the bulk of which will come from BSS. A sizeable portion of the GDV from BSS will come from its 186 acres of commercial land, of which 116 acres are from the Sendayan Icon Park, which will be developed after 2016. The other reason why profit growth has been strong is that Matrix reaps relatively high net profit margins of 20-25% as it undertakes most of the construction work in-house and its land cost for BSS is low. Margins for its industrial land sales can be in excess of 60-70%.

Figure 7: Annual new sales (RM m)



SOURCES: CIMB, COMPANY REPORTS

Figure 8: GDV breakdown

	Acres	(RM m)
BSS - commercial	186.0	5,000.0
BSS - residential	864.0	3,041.2
Kota Gadong Perdana	294.6	926.4
Taman Seri Impian	250.0	834.2
Rasah Kemayan land	194.4	800.0
Labu Land	236.9	760.0
Sendayan Tech Valley	250.0	500.0
Land near PWTC	1.1	250.0
Third 9 Residence	41.8	144.7
Lobak Commercial Centre	9.4	45.1
	2,328.1	12,301.6

SOURCES: CIMB, COMPANY REPORTS

If we annualise 1H13 net profit of RM76m, the group should achieve full-year net profit of around RM150m, giving a P/E of 5.4x. Assuming the group achieves 20% net profit growth for FY14 or earnings of around RM180m, P/E will fall to 4.5x. This is significantly lower than the average CY13 P/E of 16x and CY14 P/E of 14x for the stocks under our coverage. Based on the company's dividend payout ratio policy of 40%, the potential net dividend for CY14 of 24 sen or a yield of close to 9% is nearly triple the sector average of 3.1%. A sustainable high dividend yield will attract strong investor interest as was the case for small-cap property stocks such as Hua Yang (HYB MK; not rated) and Tambun Indah (TILB MK; not rated) over the past 1-2 years.

2.3 The group's balance sheet is in net cash position, which can fund aggressive landbanking ►

As at 30 June 2013, total cash stood at RM211m vs. total borrowings of RM25m, giving a net cash of RM186m or 62 sen per share. The high net cash level came about from the IPO proceeds of RM137.5m. Since its listing, Matrix has quickly employed the excess cash and on 8 Jul announced the acquisition of two pieces of land measuring a combined 431 acres near BSS for RM106.8m. The two projects are estimated to generate a GDV of RM1.6bn and will be launched within the next 2-3 years. In Aug, Matrix made its maiden entry into Kuala Lumpur with the purchase of 1.1 acres of land near the Putra World Trade Centre (PWTC) for RM43.6m or RM950 psf.

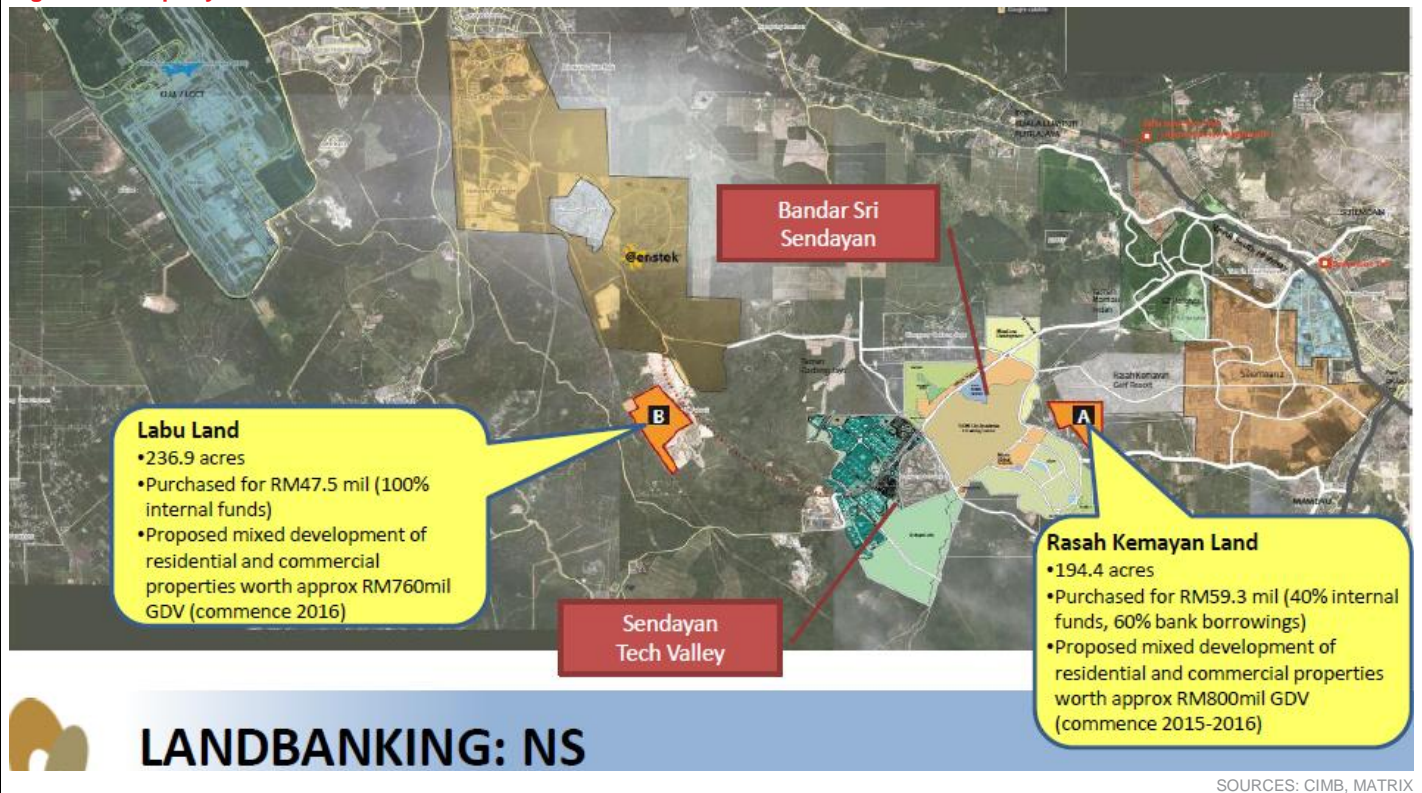
Figure 9: Utilisation of IPO proceeds

Purpose	Time frame	Amount (RM m)
Working capital	24 months	55.0
Infra and common facilities	24 months	55.0
Construction of clubhouse	24 months	10.0
Repayment of borrowings	12 months	11.0
Estimated listing expenses	1 month	6.5
Gross proceeds		137.5

SOURCES: CIMB, COMPANY REPORTS

We view very positively the acquisition of the two parcels of land near BSS as we believe Matrix will be able to add considerable value given the success of BSS. It will also help replenish landbank in that area as the original size of BSS is much larger. One of the parcels of land, the Rasah Kemayan Land (RKL), is located to the east of BSS and measures 194.4 acres. RKL was acquired for RM59.3m or RM6.65 psf and is estimated to have a GDV of RM800m. Development will start in 2015/6 and will comprise residential and commercial properties. To the west of BSS is the second parcel of land called Labu Land. It measures 236.9 acres and is estimated to generate a GDV of RM760m. The project will be launched slightly later in 2016 and will also comprise residential and commercial properties.

Figure 10: Property transactions



As for the 1.1-acre piece of land near PWTC, the reasons for the acquisition are to raise the profile of Matrix and to help diversify its activities into Kuala Lumpur proper. This move should help Matrix's branding and boost awareness for the developer in the Klang Valley where the group is increasingly targeting buyers for its properties in BSS. The project in Kuala Lumpur will be launched in 2014 and will comprise serviced apartments, including retail and F&B outlets. The serviced apartments will measure 500-1,000 sq ft and will be priced at

around RM700 psf. The pricing is reasonable considering that condos in the suburbs of Kuala Lumpur already command those prices or even higher.

Figure 11: Land near PWTC



After the acquisition of the three parcels of land, Matrix should still have net cash of RM35m or 12 sen per share. Matrix is comfortable with a net gearing ratio of 50%, which means it has capacity to acquire another RM300m worth of landbank. We would prefer Matrix focus on acquiring landbank near BSS due to the strong synergies that it can reap. Infrastructure in BSS is in place and being upgraded, awareness towards the township and its facilities is growing and property prices are rising rapidly. Based on an average price of RM6 psf, the group could buy an additional 1,000 acres of land in the area, which will help strengthen further Matrix's dominance of the Seremban property market.

2.4 The flagship township in Seremban has considerable competitive advantages ►

BSS and STV are part of the larger 5,233-acre Felda settlers scheme that Matrix helped salvage for the state government. In return for selling their land at RM3 psf in the 1990s, the Felda settlers were each given equivalent value in cash, a bungalow and 2 acres of land, which came up to a total of 1,600 acres. In 2011, Matrix sold 750 acres of the land to the Royal Malaysian Air Force (RMAF) for around RM300m or RM9 psf. This sale greatly alleviated the company's high gearing position. RMAF plans to develop the 750 acres into a training centre that will house 8,000 air force personnel. The 750 acres will also include an 18-hole golf course that is open to the public. There will not be an airstrip as flight training will take place in Subang and Kuantan instead. RMAF's development next to BSS should be a boost to commercial activities in the township while the golf course will provide recreational facilities to residents.

Matrix is positioning BSS to be the Damansara Heights of Seremban and is building an RM40m clubhouse where membership will be offered to home buyers. The clubhouse will include facilities such as an Olympic-size swimming pool, badminton courts, squash courts, tennis courts, bowling alley, gymnasium, games room, restaurants and cafes and retail outlets. Also, an international school providing primary, secondary and tertiary education is being constructed. The clubhouse and international school are slated for completion in 2014. With a clubhouse, international school and golf course all within the township, BSS's value proposition to potential house buyers, businesses and industries will be significantly enhanced. Accessibility to the township is also being improved with the main trunk road being widened into a dual-lane

carriage way. Furthermore, additional road linkages to the North South Expressway and to KLIA are under construction.

Figure 12: Clubhouse



Figure 13: Matrix Global Schools



2.5 Matrix's market cap is not far from the RM1bn threshold that will put it on the radar of many institutional funds ►

In the past, we wrote about several deep-value small-cap property stocks, such as Hua Yang and LBS Bina (LBS MK; not rated), and introduced those companies to domestic and foreign institutional investors. But many were unable to participate in those stocks due to their small market caps of below RM500m. Some institutional investors have a cut-off point of at least RM500m while for others it is a higher RM1bn. The share prices of Hua Yang and LBS have risen strongly over the past year and now that their market caps are bigger and approaching RM500m or more, they have attracted interest from institutional investors seeking growth and yield. Matrix is in a better position to gain traction much quicker as its market cap is already way above RM500m and could breach the RM1bn mark if the share price appreciates another 20-25%. We believe this quantum of price gain is not difficult to achieve as even at RM1bn in market cap, 2014 net dividend yield is still very appealing at 7%.

3. RISKS

3.1 Government measures to curb speculation ►

In July, the central bank imposed curbs on consumer loans, which included limiting the housing loan tenure from a maximum of 45 years to a lower 35 years. There has been widespread speculation that the government will introduce new measures in the 2014 Budget on 25 Oct to further curb speculation. This includes raising the real property gains tax (RPGT), imposing higher stamp duties and lowering the loan-to-value ratio for properties. We believe raising RPGT is almost a certainty as the government has done so three times in the past four years and such a measure will be a welcome means of dampening speculation.

Figure 14: Impact of shorter loan tenure (RM)

	Loan amount	Tenure	Monthly payment	Total payment	Interest paid
Housing loan 1	250,000	45 years	1,165	629,000	379,000
Housing laon 2	250,000	35 years	1,260	529,900	279,900
Difference		10 years	-7.5%	18.7%	35.4%
Personal loan 1	50,000	15 years	430	77,400	27,400
Personal loan 2	50,000	10 years	563	67,500	17,500
Difference		5 years	-23.6%	14.7%	56.6%

SOURCES: CIMB, BNM, PRESS REPORTS

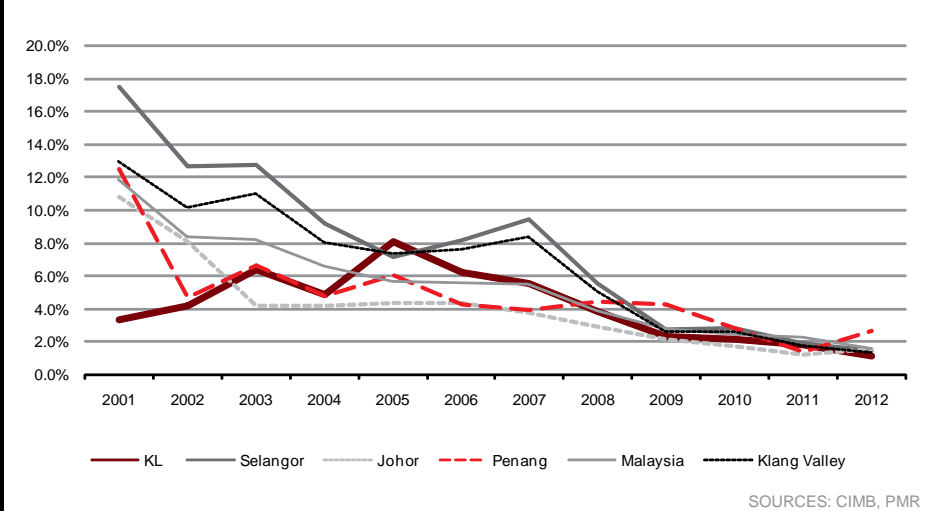
Figure 15: Policies to curb speculation

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

SOURCES: CIMB, PRESS REPORTS

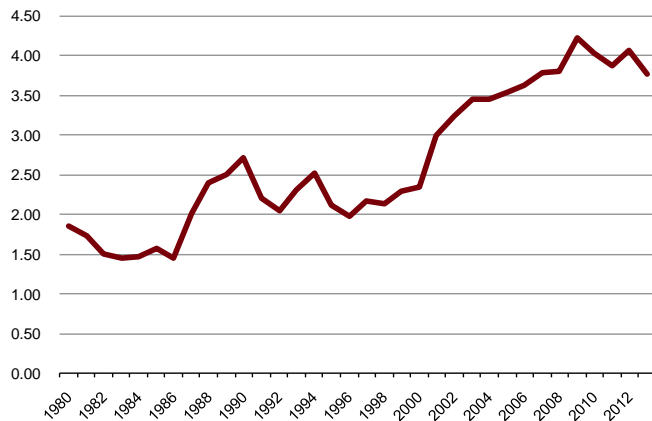
However, the authorities need to balance curbing speculation against excessive tightening as the key problem plaguing the sector is not rampant demand but overly slow supply growth. Affordability remains near its best-ever levels as incomes have increased at a faster pace than home prices in the longer term while mortgage rates are half their pre-Asian financial crisis levels. Over-tightening will have serious implications on the health of the property market and could inadvertently lead to slower supply growth and greater pent-up demand, which could result in prices rising even faster over the medium to longer term. We believe Matrix may be cushioned against measures to curb speculation as the company does not offer a developer interest-bearing scheme (DIBS) and 95% of its buyers are owner-occupiers.

Figure 16: Supply growth in key markets



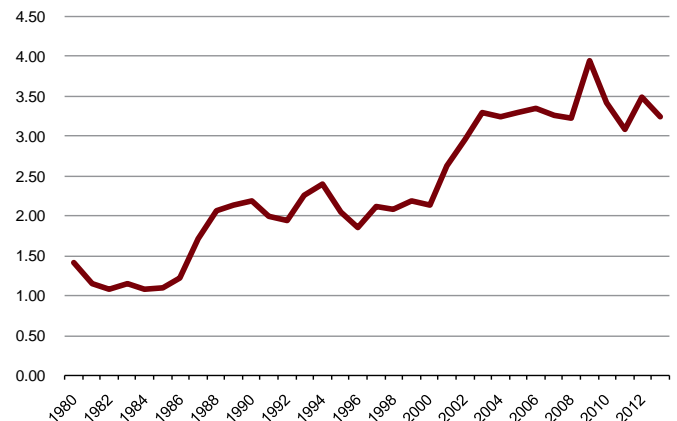
SOURCES: CIMB, PMR

Figure 17: Affordability index for Malaysia



SOURCES: CIMB, BNM, DOS, PMR, MOF

Figure 18: Affordability index for the Klang Valley



SOURCES: CIMB, BNM, DOS, PMR, MOF

3.2 Volatile external environment ▶

Even without government measures to curb speculation, the sentiment towards property has been somewhat dampened by the recently volatile stock and currency markets in the region. This has caused potential house buyers to pause before taking the plunge and further macro-prudential measures could tip the scales against properties even further. This will have negative repercussions on the wider economy. Furthermore, the government has raised petrol prices and has announced that public sector construction projects will be sequenced. While the hike in petrol prices could boost demand for properties due to heightened inflationary fears, slower construction activities, particularly for infrastructure projects, could negatively affect accessibility and sentiment. The Federal Reserve's tapering could also cause prolonged volatility in the stock and currency markets.

4. VALUATION

4.1 Seremban is an eye opener ▶

We came away from our visit to Matrix feeling bullish about the fundamentals of the company as the strong demand and outlook for Seremban properties were big eye openers. We had known that development in the Klang Valley was spreading south rapidly but we did not know it had spread all the way to Negeri Sembilan. Klang Valley developers have been aggressively acquiring landbank in Semenyih and Bangi in Selangor but they have yet to move further south to Nilai and Seremban in Negeri Sembilan. This has given Matrix time to aggressively landbank in these areas and we believe it will continue dominating the Negeri Sembilan market for years to come.

4.2 Matrix could trade at RM4.22-4.92 ▶

We believe Matrix shares many of the characteristics that have helped aggressively re-rate developers such as Hua Yang over the past 2-3 years (near tripling in share price) and Tambun Indah over the past year (doubling of share price). This includes ambitious management, attractive themes (mass market in the case of Hua Yang and 2nd Penang Bridge in the case of Tambun Indah), strong earnings growth and, most importantly, very attractive valuations (low P/Es and high dividend yield). Applying the same 30-40% discount to RNAV that we assign to Hua Yang, Matrix could be valued at RM4.22-4.92. This will provide investors 56-82% upside to its current share price. Even at those levels, 2014 P/E will still be undemanding at 7-8x while net dividend yield will be attractive at 5-6%.

Figure 19: Discount to RNAV and NTA

	Share price (RM)	RNAV/shr (RM)	(Discount)/ Premium	NTA/shr (RM)	(Discount)/ Premium
E&O	2.00	3.10	-35.5%	1.28	56.3%
Mah Sing	2.16	3.16	-31.6%	1.27	70.1%
SP Setia	3.23	3.99	-19.0%	2.12	52.4%
UEM Land	2.59	3.89	-33.4%	1.28	102.3%
UOA Dev	2.20	3.06	-28.1%	1.74	26.4%
Average			-29.5%		61.5%
Matrix	2.71	7.03	-61.5%	1.73	56.6%

SOURCES: CIMB, COMPANY REPORTS

Figure 20: Matrix Concepts Holdings' RNAV

Type	Location	Size/units	Area (sq. ft.)	Price (RM psf)	Stake	Value (RM m)
BSS - residential	Seremban, Negeri Sembilan	864.0 ac	37,635,840	18.00	100%	677.4
BSS - commercial	Seremban, Negeri Sembilan	186.0 ac	8,102,160	50.00	100%	405.1
Sendayan Tech Valley	Seremban, Negeri Sembilan	250.0 ac	10,890,000	40.00	100%	435.6
Rasah Kemayan land	Seremban, Negeri Sembilan	194.4 ac	8,468,064	16.00	100%	135.5
Labu Land	Seremban, Negeri Sembilan	236.9 ac	10,319,364	12.00	100%	123.8
Third 9 Residence	Seremban, Negeri Sembilan	41.8 ac	1,820,808	18.00	100%	32.8
Lobak Commercial Centre	Seremban, Negeri Sembilan	9.4 ac	408,593	20.00	100%	8.2
Kota Gadong Perdana	Seremban, Negeri Sembilan	294.6 ac	12,831,034	15.00	100%	192.5
Taman Seri Impian	Kluang, Johor	250.0 ac	10,890,000	10.00	100%	108.9
Land near PWTC	Kuala Lumpur	1.1 ac	47,916	1,100.00	100%	52.7
Fixed assets						12.0
Investment properties						16.6
Others						1.9
Net current assets less dev. prop.						73.4
Long term borrowings + land cost						(166.5)
Total RNAV						2,110.0
No. of shares (m)						300.0
RNAV per share						7.03

SOURCES: CIMB, COMPANY REPORTS

Figure 21: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Tgt Px (local curr)	Mkt Cap (US\$ m)	Core P/E (x) CY2013	Core P/E (x) CY2014	RNAV CY2013	Prem./Disc. to RNAV (%)	P/BV (x) CY2013	Div. Yield (%) CY2013
Bukit Sembawang Estates	BS SP	Outperform	6.16	7.41	1,265	7.4	6.5	10.58	-42%	1.22	2.7%
CapitaLand	CAPL SP	Outperform	3.14	3.91	10,603	20.8	14.9	4.89	-36%	0.85	2.7%
CapitaMalls Asia	CMA SP	Outperform	1.95	2.21	6,020	27.2	22.8	2.46	-21%	1.11	1.8%
City Developments	CIT SP	Neutral	10.44	11.19	7,529	22.6	16.6	13.21	-21%	1.29	1.8%
Fraser & Neave	FNN SP	Outperform	5.49	6.61	6,274	14.8	11.9	7.73	-29%	0.99	48.4%
Global Logistic Properties	GLP SP	Outperform	2.79	3.32	10,532	38.0	31.9	3.32	-16%	1.23	1.8%
Ho Bee Investments	HOBEE SP	Outperform	2.08	2.52	1,119	17.4	10.0	3.09	-33%	0.74	2.4%
Keppel Land	KPLD SP	Outperform	3.71	4.00	4,549	13.6	11.3	5.00	-26%	0.86	2.2%
Overseas Union Enterprise	OUE SP	Outperform	2.79	3.32	2,013	27.4	22.5	4.15	-33%	0.87	1.8%
Singapore Land	SL SP	Outperform	8.73	8.52	2,856	15.6	14.0	14.20	-39%	0.68	2.3%
United Engineers	UEM SP	Underperform	1.80	1.92	877	17.7	13.5	3.20	-44%	0.69	7.6%
UOL Group	UOL SP	Outperform	6.53	8.02	3,991	13.8	12.3	10.02	-35%	0.74	1.8%
Wheelock Properties (S)	WP SP	Neutral	1.76	1.95	1,670	25.4	13.8	2.60	-32%	0.67	3.4%
Wing Tai Holdings	WINGT SP	Underperform	2.13	2.10	1,326	7.6	10.9	2.80	-24%	0.71	4.0%
Singapore average						19.2	15.5		-31%	0.95	6.9%
Alam Sutera	ASRI J	Outperform	580	800	1,019	6.7	5.3	2,178	-73%	1.92	4.4%
Bekasi Fajar	BEST J	Neutral	465	500	400	4.9	6.1	804	-42%	1.76	4.3%
Bumi Serpong Damai	BSDE J	Underperform	1,470	1,100	2,300	12.7	12.5	2,677	-45%	2.66	1.0%
Ciputra Development	CTRA J	Outperform	970	1,100	1,316	12.8	12.0	2,147	-55%	2.30	1.2%
Ciputra Property	CTRP J	Outperform	820	900	451	8.2	7.2	2,754	-70%	1.16	1.8%
Lippo Karawaci	LPKR J	Outperform	1,200	1,850	2,477	14.2	15.1	2,249	-47%	2.23	1.1%
Metropolitan Land	MTLA J	Outperform	410	500	278	11.5	7.9	1,198	-66%	1.78	1.3%
Summarecon Agung	SMRA J	Outperform	890	1,000	1,148	11.0	9.2	2,057	-57%	2.81	1.9%
Surya Semesta Internusa	SSIA J	Outperform	860	1,000	362	4.4	4.6	1,154	-25%	1.74	4.0%
Indonesia average						10.2	9.7		-54%	2.18	1.8%
Eastern & Oriental	EAST MK	Outperform	2.00	2.48	681	15.1	12.8	2.73	-27%	1.54	2.0%
KLCC Property Holdings	KLCCSS MK	Outperform	6.51	7.30	3,616	19.5	18.5	6.42	1%	1.58	4.3%
Mah Sing Group	MSGB MK	Outperform	2.16	3.16	922	10.2	8.5	3.16	-32%	1.64	3.9%
SP Setia	SPSB MK	Neutral	3.23	3.59	2,444	16.2	14.8	3.99	-19%	1.50	3.2%
UEM Sunrise Bhd	UEMS MK	Outperform	2.59	3.89	3,466	20.5	18.3	3.89	-33%	1.96	1.5%
UOA Development	UOAD MK	Outperform	2.20	2.76	907	8.6	7.4	3.06	-28%	1.23	5.9%
Malaysia average						16.1	14.4		-22%	1.62	3.2%
Amata Corporation	AMATA TB	Outperform	19.30	32.20	649	10.5	9.0	21.77	-11%	2.05	3.8%
Ananda Development	ANAN TB	Outperform	2.50	4.90	263	5.8	4.6	2.26	11%	1.25	0.0%
AP (Thailand) PCL	AP TB	Neutral	5.80	6.87	523	7.7	6.7	7.00	-17%	1.16	5.2%
Hemaraj	HEMRAJ TB	Outperform	3.44	4.14	1,053	11.7	10.8	2.80	23%	2.97	4.1%
Land And Houses	LH TB	Outperform	10.80	9.19	3,414	24.5	20.3	6.00	80%	3.48	4.3%
LPN Development	LPN TB	Outperform	20.90	30.63	972	11.0	9.6	7.40	182%	3.07	4.5%
Pruksa Real Estate	PS TB	Outperform	19.90	40.22	1,394	8.3	7.4	12.54	59%	1.82	3.6%
Quality Houses	QH TB	Outperform	3.24	5.38	938	11.5	9.0	3.60	-10%	1.74	4.6%
Sansiri Public Co	SIRI TB	Outperform	2.36	4.08	709	6.9	5.5	2.48	-5%	1.25	7.3%
SC Asset Corporation	SC TB	Outperform	4.24	6.10	496	11.0	8.3	na	na	1.38	3.6%
Supalai PCL	SPALAI TB	Neutral	16.40	20.31	887	8.7	7.7	9.05	81%	1.87	4.6%
Thailand average						11.4	9.6		na	2.12	4.3%
Ayala Land Inc.	ALI PM	Outperform	28.25	25.70	9,171	38.2	33.4	na	na	4.59	1.0%
Philippine average						38.2	33.4		na	4.59	1.0%
Agile Property	3383 HK	Outperform	8.87	9.95	3,943	5.4	4.8	19.92	-55%	0.73	4.3%
China Overseas Grand Ocean	81 HK	Outperform	10.06	13.53	2,961	8.3	6.2	15.92	-37%	2.20	1.2%
China Overseas Land	688 HK	Outperform	23.95	26.60	25,242	10.0	8.3	31.35	-24%	1.90	2.0%
China Resources Land	1109 HK	Outperform	23.20	26.50	17,441	15.7	11.6	29.42	-21%	1.79	1.7%
Evergrande Real Estate	3333 HK	Neutral	3.39	3.55	7,011	5.4	4.3	9.03	-62%	0.78	1.6%
Franshion Properties	817 HK	Outperform	2.74	3.50	3,237	8.1	6.1	5.31	-48%	0.80	2.6%
Guangzhou R&F	2777 HK	Neutral	12.80	12.46	5,319	5.8	5.0	20.77	-38%	1.07	6.0%
KWG Property Holding	1813 HK	Outperform	5.36	6.90	2,000	5.2	4.4	11.49	-53%	0.71	4.3%
Longfor Properties	960 HK	Outperform	13.08	15.60	9,178	9.8	8.3	22.35	-41%	1.62	2.1%
Poly Property	119 HK	Outperform	4.85	7.15	2,279	6.7	5.8	11.95	-59%	0.61	4.5%
Shimao Property	813 HK	Outperform	19.06	23.40	8,536	7.8	5.8	29.47	-35%	1.29	4.1%
Shui On Land	272 HK	Neutral	2.51	2.60	2,590	15.1	12.6	5.87	-57%	0.42	2.3%
Sino-Ocean Land	3377 HK	Neutral	4.83	4.95	3,662	7.2	6.2	9.92	-51%	0.63	4.7%
SOHO China	410 HK	Neutral	6.58	6.62	4,095	8.5	17.5	10.19	-35%	0.82	4.8%
Yuexiu Property	123 HK	Outperform	2.22	2.51	2,666	10.1	7.8	5.02	-56%	0.71	3.4%
China average						8.9	7.4		-53%	1.17	2.7%
Cheung Kong (Holdings)	1 HK	Neutral	116.4	110.0	34,768	9.9	9.4	151.5	-23%	0.75	2.7%
Henderson Land Development	12 HK	Underperform	47.10	40.93	16,300	13.7	13.2	68.44	-31%	0.54	2.2%
New World Development	17 HK	Underperform	11.68	8.85	9,507	9.0	8.9	17.70	-34%	0.55	3.3%
Sino Land Co	83 HK	Underperform	10.86	9.16	8,330	10.9	15.1	14.89	-27%	0.68	4.1%
Sun Hung Kai Properties	16 HK	Neutral	102.6	94.22	35,341	12.7	13.7	144.9	-29%	0.74	3.3%
Hong Kong average						11.2	11.4		-28%	0.68	3.0%
DLF Ltd	DLFU IN	Underperform	153.9	155.0	4,322	29.4	20.5	na	na	0.92	1.3%
Oberoi Realty Ltd	OBRO IN	Outperform	172.5	285.0	893	10.0	8.5	na	na	1.25	1.7%
Sobha Developers Ltd	SOBHA IN	Outperform	270.6	400.0	419	10.1	7.8	na	na	1.06	1.3%
Unitech Ltd	UT IN	Underperform	17.10	15.00	705	14.2	9.8	na	na	0.38	0.0%
India average						19.4	14.3		na	0.83	1.2%
Huaku Construction Corp	2548 TT	Underperform	89.20	80.00	833	7.4	11.7	na	na	1.76	6.8%
Farqlory Land	5522 TT	Underperform	55.00	51.00	1,431	7.2	6.7	na	na	1.17	8.3%
Prince Housing	2511 TT	Outperform	17.20	22.00	762	16.1	7.4	na	na	1.25	2.5%
Taiwan average						8.4	7.8		na	1.31	6.4%
Average (all)						11.7	10.4		NA	0.95	3.6%

SOURCES: CIMB, BLOOMBERG, COMPANY REPORTS

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Description:		Excellent	Very Good	Good	N/A

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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.	OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.
NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.	NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.
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.	UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.
TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.	TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.
TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.	TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index 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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Recommendation Framework #2 **

Stock	Sector
OUTPERFORM: Expected positive total returns of 10% or more over the next 12 months.	OVERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 12 months.
NEUTRAL: Expected total returns of between -10% and +10% over the next 12 months.	NEUTRAL: The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; both over the next 12 months.
UNDERPERFORM: Expected negative total returns of 10% or more over the next 12 months.	UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 12 months.
TRADING BUY: Expected positive total returns of 10% or more over the next 3 months.	TRADING BUY: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 3 months.
TRADING SELL: Expected negative total returns of 10% or more over the next 3 months.	TRADING SELL: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse 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 2012.

AAV – not available, **ADVANC** - Excellent, **AEONTS** – Good, **AMATA** - Very Good, **ANAN** – not available, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent, **BAY** - Excellent, **BI** - Excellent, **BCH** – not available, **BCP** - Excellent, **BEC** - Very Good, **BGH** - not available, **BJC** – Very Good, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Excellent, **CCET** - Good, **CENTEL** – Very Good, **CK** - Very Good, **CPALL** - Very Good, **CPF** - Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Very Good, **EGCO** – Excellent, **ERW** – Excellent, **GLOBAL** - Good, **GLOW** - Very Good, **GRAMMY** – Excellent, **HANA** - Very Good, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** – Very Good, **ITD** – Very Good, **IVL** - Very Good, **JAS** – Very Good, **KAMART** – not available, **KBANK** - Excellent, **KK** – Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** - Good, **MAKRO** – Very Good, **MCOT** - Excellent, **MINT** - Very Good, **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** - Good, **SPALI** - Very Good, **SRICHA** – not available, **SSI** – not available, **STA** - Good, **STEC** - Very Good, **TCAP** - Very Good, **THAI** - Excellent, **THCOM** – Very Good, **TICON** – Very Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Very Good, **TTW** – Very Good, **TUF** - Very Good, **VGI** – not available, **WORK** – Good.