MALAYSIA

STRATEGY

SHORT TERM (3 MTH)	LONG TERM
TRADING BUY	OVERWEIGHT
TRADING SELL	**NEUTRAL**
	UNDERWEIGHT

Notes from the Field

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"The growth of economies depends on the growth and survival of industries and firms."

— Kenneth Simons

Iskandar inflexion point driven by industrial boom

We took investors for a 3-day tour of various sites in Johor and hosted several briefings as well. The visits reinforced our bullish view on Iskandar as many projects there are shaping up nicely while the shift of Singapore industries to Johor appear to be picking up speed.

Figure 1: Iskandar Malaysia visit

Mar-28	UEM Land briefing at Horizon Hills
	Site tour of Nusajaya (Horizon Hills, Nusa Idaman, AfiatHealthpark, Nusa Bayu, SiLC, EduCity
	LegoLand, Kota Iskandar, Puteri Harbour, Marlborough College and East Ledang)
	Site tour of Setia Eco Gardens
	Site tour of Setia Business Park
Mar-29	Benalec briefing
	Johor Petroleum Development Corp briefing
	Kulim Malaysia briefing
	Axis REIT briefing
	Site tour of Port of Tanjung Pelapas
	Site tour of Danga Bay
Mar-30	Site tour of Meridin@Medini
	Site tour of Johor Premium Outlets

SOURCES: CIMB, COMPANY REPORTS

No changes to our Neutral weighting on Malaysia as election risks remain the key overhang. Post elections, we will likely review our call on the market and the property and construction sectors. We maintain our end-2013 KLCI target of 1,640pts based on an unchanged P/E target of 13.5x.

Johor visit

Last week, we brought 29 investors from 20 Malaysian and Singaporean investment firms on a 3-day visit to various sites in Iskandar. We visited Nusajaya, Setia Eco Gardens, Port of Tanjung Pelepas and Mah Sing's Meridin@Medini while hosting Benalec, Johor Petroleum Dev Corporation, Kulim Malaysia and Axis REIT briefings as well.

Fundamentals improving

The visit reinforced our positive stance on Iskandar (see report dated Mar 18 PDF for details). UEM Land can now be more choosy about its joint venture partners in Nusajaya given that the tipping point for Iskandar was reached in 2012. More surprising is how strong demand is for industrial property in the state. For example, SP Setia's non-Bumi industrial properties in Setia Business Park priced between RM3.2m and RM8.5m have been fully taken up while Axis Group's phase 1 of SME City was sold out in two hours. Many buyers are Singapore SMEs looking to shift to a lower-cost destination. We view this very positively as it will help bring development, jobs and economic activity to the state. This will in turn have a multiplier effect on Iskandar and boost demand for properties. Ascendas Land's JV with UEM Land to develop a 519-acre industrial park can only accelerate that process.

Exposure to Iskandar

Property developers continue to provide the best exposure to Iskandar. But plantation companies, such as Kulim and Genting Plantations, O&G companies, such as Dialog, as well as contractors, such as Benalec, are alternatives too.

Highlighted Companies

Mah Sing Group

Meridin@Medini is shaping up to be a runaway success as registration plus demand from agents total 5,000 units vs. phase 1's 786 units. Half of the registration list is Singaporeans. Mah Sing is actively scouting for more Iskandar landbank.

SP Setia

Setia Business Park has been a strong success. The gated industrial park has sold out the non-Bumi units, which were priced at RM3.2m-8.5m. SP Setia provides a one-stop service to assist foreign buyers seeking approvals.

UEM Land Holdings

UEM Land can afford to be choosy about its JV partners in Nusajaya now that the township reached its tipping point in 2012. In 2013, the group will launch strata-titled office space in Puteri Harbour and residential properties in D'Estuary.

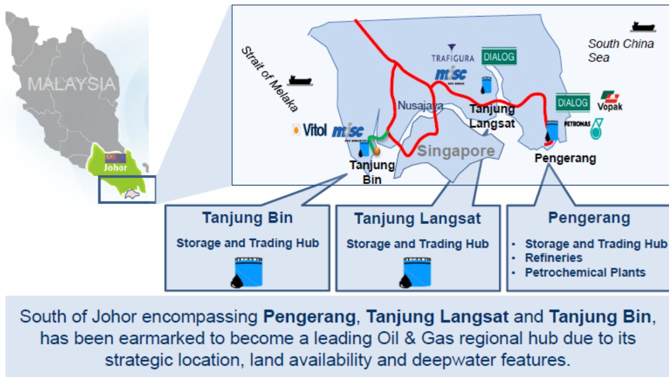
KEY CHARTS

Site visit to Nusajaya and Puteri Harbour

Developments around Puteri Habour and Kota Iskandar were the most advanced with the state administrative buildings, the Puteri Harbour theme park and clubhouse, the ferry CIQ and the Traders Hotel already completed.

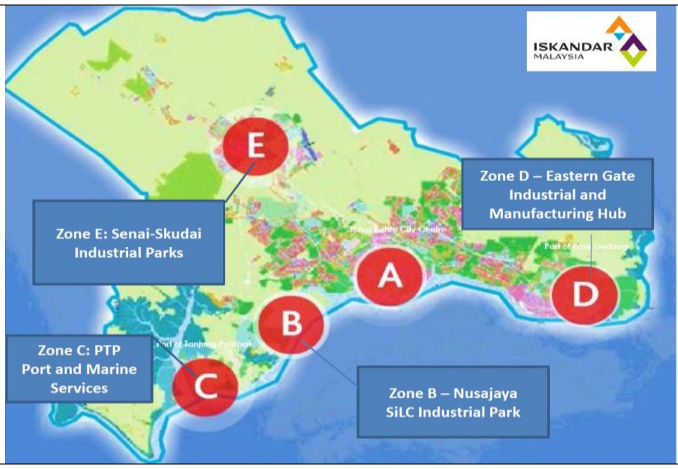
Iskandar to be O&G storage hub?

South Johor has the geographical advantage to be positioned as a regional oil & gas storage hub. There are three existing storage tank facilities, which have a total storage capacity of 10m cu m3, located in 1) Tanjung Bin, 2) Tanjung Langsat, and 3) Pengerang. This does not include the latest facility in Tanjung Piai, which was announced in 2012. Given Iskandar's close proximity to Singapore and the shortage of oil & gas storage areas in Singapore, expansion in logistics now focuses on Iskandar.



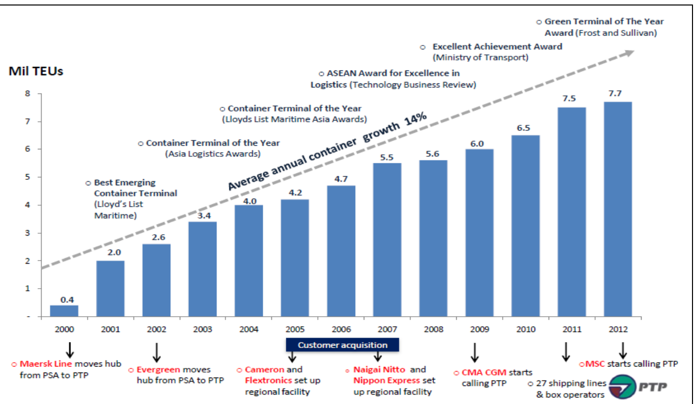
Axis very bullish on Iskandar

Axis REIT's CEO Dato' Stewart LeBrooy argues that the "Shenzhen of Malaysia" is an industrial play and not a residential play and that it is business activities that will bring growth to a region. He believes 2013 is the inflexion point or tipping point for Iskandar, driven by the boom in industrial properties. He believes jobs in Iskandar will eventually pay better than those in the Klang Valley and there will be a big inflow of people from all over the country to work in Iskandar.



Port of Tanjung Pelepas (PTP)

Since it started operations in 2000, PTP registered an average TEU growth of 14% p.a. up to 2012. In the early years between 2000 and 2005, the growth in TEU was driven by the shifting of Maersk Line and Evergreen from Port of Singapore Authority (PSA) to PTP. Other drivers which also indirectly benefited its Free Zone were regional manufacturers like Cameron, Flextronics, Naigai Nitto and Nippon Express setting up shop at PTP. Overall, one of the key attractions of PTP is that it offers global connectivity to more than 165 ports around the world.



SOURCE: CIMB, COMPANY REPORTS

Figure 2: Iskandar Malaysia exposure

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US$ m)	Core P/E (x) CY2013	Core P/E (x) CY2014	3-year EPS CAGR (%)	P/BV (x) CY2014	Recurring ROE (%) CY2014	Dividend Yield (%) CY2014
Axis REIT	AXRB MK	Outperform	3.45	3.68	511	19.1	18.1	5.0%	1.57	8.4%	5.2%
Dialog Group	DLG MK	Outperform	2.37	2.97	1,846	21.4	18.1	18.1%	4.27	24.9%	2.9%
Eastern & Oriental	EAST MK	Neutral	1.60	1.55	574	11.7	10.1	9.8%	1.14	11.0%	2.8%
Gamuda	GAM MK	Neutral	4.10	4.02	2,793	12.9	11.6	10.5%	3.40	30.3%	2.8%
Genting Plantations	GENP MK	Neutral	8.68	8.94	2,136	16.9	14.4	7.0%	1.61	5.8%	1.8%
IJM Corp Bhd	IJM MK	Neutral	5.48	5.27	2,457	14.0	12.6	27.7%	2.86	20.3%	2.6%
IOI Corporation	IOI MK	Underperform	4.69	4.49	9,716	17.4	16.1	1.5%	1.95	12.6%	2.9%
Lafarge Malayan Cement	LMC MK	Neutral	9.91	9.85	2,731	19.9	19.1	9.8%	2.42	13.0%	3.4%
Mah Sing Group	MSGB MK	Neutral	2.26	2.07	821	8.9	7.8	16.9%	1.32	19.6%	3.8%
SP Setia	SPSB MK	Trading Buy	3.34	3.59	2,663	16.8	14.6	22.1%	1.46	10.2%	3.1%
Sunway Bhd	SWB MK	Neutral	2.97	2.73	1,245	9.6	8.6	5.7%	0.85	10.9%	3.3%
UEM Land Holdings	ULHB MK	Neutral	2.73	2.29	3,833	21.6	19.2	12.0%	1.94	10.0%	1.5%
WCT Bhd	WCT MK	Trading Buy	2.40	2.58	819	10.5	9.4	11.4%	1.14	13.6%	3.4%
Average						**15.4**	**13.8**	**12.2%**	**2.0**	**14.3%**	**2.8%**

SOURCES: CIMB, COMPANY REPORTS

Iskandar inflexion point in 2013 driven by industrial boom

1. DAY 1 OF ISKANDAR TOUR

1.1 Briefing by UEM Land at Horizon Hills

We arrived at Horizon Hills golf course clubhouse for lunch and a briefing by UEM Land. We were impressed by how much has changed at the golf course compared to our visit 3-4 years' back when there were very few developments surrounding the golf course. Today, there are houses surrounding and overlooking the golf course while the coffee house was full during lunch time. Horizon Hills is one of the earliest projects at Nusajaya and is a 50:50 joint venture between UEM Land and Gamuda. Launched in 2007, the development's link houses measuring 22x70 were priced at only RM270k then. Today the township is one-third completed and recently-launched link houses are priced at around RM1m.

Figure 3: View of Horizon Hills from the clubhouse

SOURCES: CIMB

Figure 4: Sales office at Horizon Hills clubhouse

SOURCES: CIMB

1.2 Site tour of Nusajaya

UEM Land deputy GM Yuhaimi Yahya gave us a comprehensive presentation on the UEM Land group and its various projects. He was also our tour guide around Nusajaya as we got to see all the major developments, including EduCity, Medini, East Ledang, Kota Iskandar and Puteri Harbour. Developments around Puteri Habour and Kota Iskandar were the most advanced with the state administrative buildings, the Puteri Harbour theme park and clubhouse, the ferry CIQ and the Traders Hotel already completed. The Somerset Apartments and Imperia superstructures are coming up while there appeared to be site preparation works for many projects, including Teega, Encorp Marina and PineTree Tiong Nam @ Puteri Harbour.

Figure 5: Puteri Harbour/Kota Iskandar model

SOURCES: CIMB

Figure 6: View from Puteri Harbour clubhouse: Traders Hotel completed while Somerset Apartments under construction

SOURCES: CIMB

In terms of new launches in Puteri Harbour in 2013, UEM Land plans to introduce the township's first office building. This will be strata-titled and will be priced at slightly below residential prices. The project could also include a residential component but plans have yet to be finalised. Another residential project within the Puteri Harbour vicinity that will likely be launched in 2013 is the 400-acre D'Estuary project. This project will be similar to East Ledang, which is mostly high-end landed residential, but can be considered more prime as it has water frontage.

UEM Land emphasised that due to the very strong demand for its properties and interest by investors, the group can now choose to be picky about its joint venture partners. Much of the undeveloped land in Puteri Harbour and Medini has already been accounted for and that is why new joint ventures have mostly been in the 4,500-acre Gerbang Nusajaya. Early buyers and investors in its land in Puteri Harbour and Iskandar Investment Berhad's Medini, including WCT, United Malayan Land, Tiong Nam and Encorp, have reaped the benefits of surging prices and strong demand. At over RM1,000psf in Puteri Harbour, prices are converging with those in KLCC.

1.3 Site tour of SP Setia's properties

We visited two projects by SP Setia, the 750-acre Setia Eco Gardens and the adjacent 250-acre Setia Business Park. Setia Eco Gardens follows a theme similar to the group's highly successful Setia Eco Park in the Klang Valley but the Johor project offers link houses in addition to semi-Ds and bungalows. Setia Eco Park is limited to only semi-Ds and bungalows. Setia Eco Gardens was launched in 2009 and link houses have appreciated from RM450k then to RM700k-800k today. Demand has been strong with foreign buyers (mostly Singaporeans) making up 40% of sales. The guarded and gated township has a total GDV of RM2.3bn and close to half of the units planned have already been sold.

Figure 7: Setia Eco Gardens's show park and show units

SOURCES: CIMB

Right next door to Setia Eco Gardens and separated by a river is the Setia Business Park industrial estate. This project was launched in 2010/11 and has a GDV of RM700m. Products launched included semi-D factories (14k-16k sq ft land area and 8,873 sq ft built-up) priced at RM3.2m and detached factories (one acre land area and 46k sq ft built-up) priced at RM8.5m. We were pleasantly surprised that all the non-Bumi units have been fully sold and that most of the buyers were Singaporeans. SP Setia offers buyers a one-stop service to facilitate and expedite the application process for setting up factories in Malaysia. We were also surprised that the sales office for the industrial estate was impressive and looked like a sales office for any residential project. SP Setia takes the industrial property experience to a new level and that probably explains the success of the project. Due to the strong response, SP Setia embarked on Setia Business Park II in a totally different location, which it launched last year. Although the units offered were smaller, on a per sq ft basis the price was slightly higher at RM360psf vs. RM340psf for Setia Business Park.

Figure 8: Setia Business Park's sales office

SOURCES: CIMB

2. DAY 2 OF ISKANDAR TOUR

2.1 A mixture of briefings and visits

The second day of our tour involved half a day of briefings by four companies - Benalec, Johor Petroleum Dev Corporation, Kulim Malaysia and Axis REIT - as well as two site visits. The site visit to Port of Tanjung Pelepas included a briefing while the visit to Danga Bay was only a drive-through due to the rainy weather.

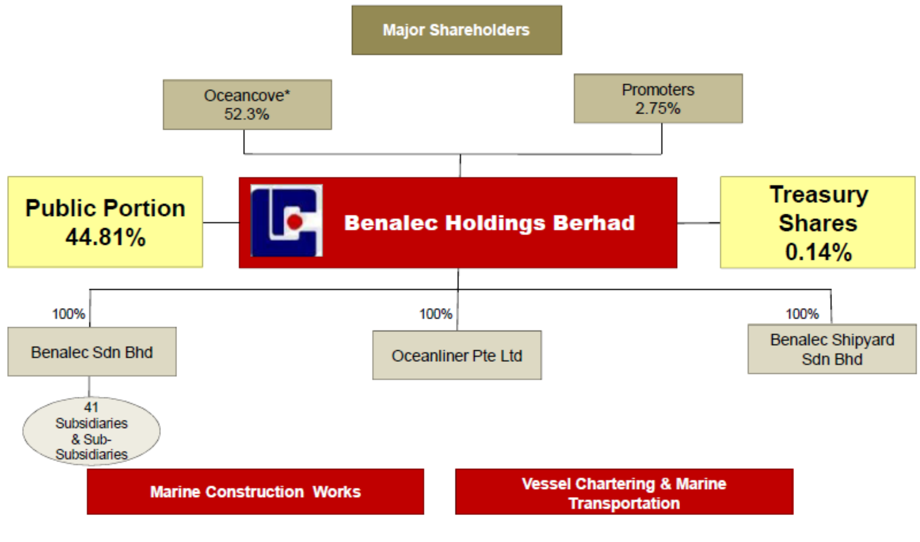
2.2 Benalec briefing

Benalec's session was hosted by business development manager Brian Mak and head of the property department Vincent Teoh. Management provided an introduction of the group's business model and how it started off as a coastal protection and reclamation contractor 12 years ago. While land reclamation work is the group's bread and butter, other segments of its business are vessel chartering and marine support services/shipbuilding. Benalec had a 17.9% market share in domestic marine construction works between 2006 and 2009 and was ranked the second most active company in Malaysia in this segment.

Prospects in South Johor

The group is considered a pioneer in marine and civil engineering since it was established in 1978 and is touted to be the most cost-efficient/-competitive in terms of land reclamation works. Benalec was listed in 2011. The group made its foray into Iskandar when it secured a RM87m job for the construction of a marina at Puteri Harbour at Nusajaya Waterfront Precinct. The group's presentation focused on its prospects in South Johor, i.e. land reclamation and land sale opportunities in the massive 3,435-acre Tanjung Piai and the 1,760-acre Pengerang.

Figure 9: Benalec Holding's group structure (listed in 2011)

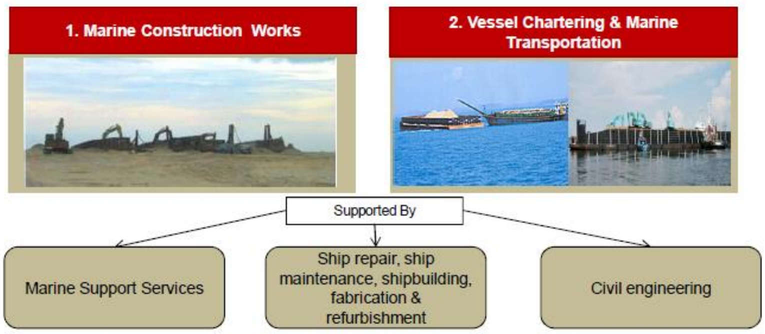


*Oceancove is the nominated investment holding company of the four (4) Promoters

SOURCES: BENALEC

Figure 10: Business activities

Principal Activities	
Marine construction services	i) Land reclamation & dredging ii) Rock revetment works, shore protection works, breakwater construction & beach nourishment iii) Marine piling; and iv) Construction of marine structures, bridges, jetties, ports & other offshore and ancillary structures
Vessel chartering, marine transportation and related services	Provides vessel chartering on time and voyage charters as well as towage services to 3rd parties

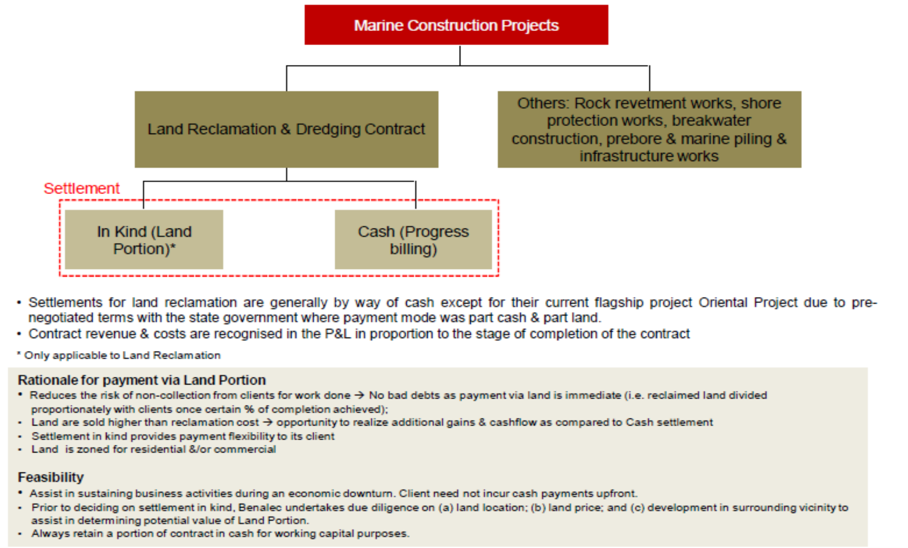


SOURCES: BENALEC

Land reclamation and monetising from land sales

Management highlighted that its reclamation concessions in Melaka, which were secured in 2003 (2.4k acres total, 600 acres remaining), will provide a base for earnings in the next 2-3 years. This also includes potential gains from land sales (current land inventory of 400 acres from Melaka) as the group's business model for land reclamation also involves payment in-kind or land swaps. What is interesting is that while the group's core business of chartering vessels to third parties and civil works yield net margins of 10-30%, the land swap model provides additional net margins of 45-60% from the gains in land sale. Indications were that potential land deals in Tanjung Piai could be more lucrative than in Melaka. Although reclamation costs for Johor are likely to double the reclamation cost of RM20-38psf for Melaka, the potential sale of land in Johor will include basic infrastructure. Past land sales in Melaka were largely raw land.

Figure 11: Marine construction business model



SOURCES: BENALEC

Figure 12: Reasons for superior margins

SOURCES: BENALEC

South Johor exposure: Tanjung Piai and Pengerang

The development of the 3,485-acre petroleum and petrochemical hub and maritime industrial park in Tanjung Piai (over 10-15 years) and the 1,760-acre petroleum and petrochemical hub and maritime industrial park in Pengerang (over 10 years) provide reclamation and land sale opportunities for Benalec beyond its ongoing jobs in Melaka. Management clarified that it has yet to start reclamation works in Pengerang while Tanjung Piai is making good progress given the shortage of oil storage facilities in Jurong, Singapore. Tanjung Piai's development is a man-made reclamation concept with phase one measuring 1k acres and phase two measuring 1,485 acres. It will be developed into Malaysia's second major oil trading hub.

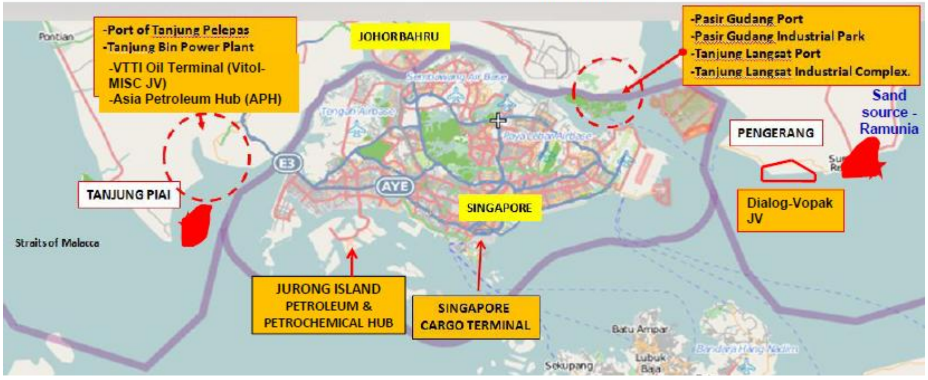
Milestone for Tanjung Piai in 2013

2013 marks a major milestone for the group in Johor. In 12 Mar 13, Benalec announced that it has signed a binding term sheet with the State Secretary of Johor and 1MY Strategic Oil Terminal Sdn Bhd to undertake reclamation works and the sale of 1k acres of land off the coast of Tanjung Piai. This will be the first phase of reclamation works for the group and is targeted to commence in 2H13 pending the signing of the sale and purchase agreement (SPA) with the off-taker. The SPA is targeted to be finalised within three months from the signing of the term sheet. Also, the project has yet to be granted an environmental impact assessment (EIA) approval.

Figure 13: Reclamation projects in Pengerang and Tanjung Piai

i. Tanjung Piai Reclamation
- 3,485 acres at Tanjung Piai, Johor
- Phase 1 :2,000 acres & Phase 2&3 : 1,485 acres
- A 'man-made island' reclamation concept
- Duration : 10-15 years

ii. Pengerang Reclamation
- 1,760 acres at Pengerang, Johor
- A 'Peninsular reclamation' concept
- Duration : 10 years
- Earmarked for container port and maritime industries



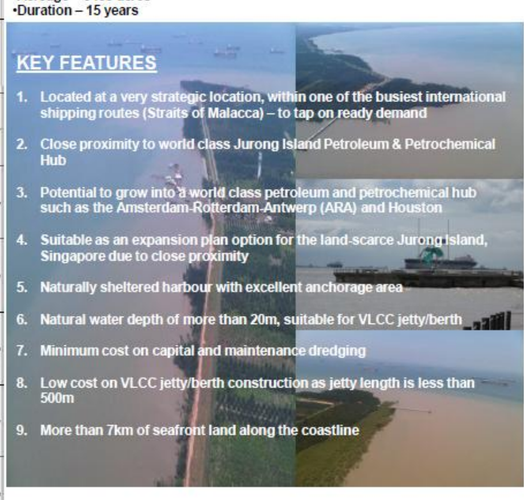
SOURCES: BENALEC

Scaleable land reclamation model

Management is bullish about its prospects in Tanjung Piai and targets largely tank farm operators for future land deals. Over the longer term and given the vast opportunities in land reclamation, management sees itself emerging as a "master developer" for oil & gas hubs in the southern region. Also, with other oil & gas and industrial-related ventures coming onstream in Tanjung Piai, management did not discount the possibility of extending its land reclamation model from land swap to include potential equity stakes in the ventures there for recurring income.

Figure 14: Reclamation project in Tanjung Piai

Land Reclamation for Development of a Petroleum and Petrochemical Hub and Maritime Industrial Park at Tanjung Piai, Johor
•Acreage – 3485 acres
•Duration – 15 years

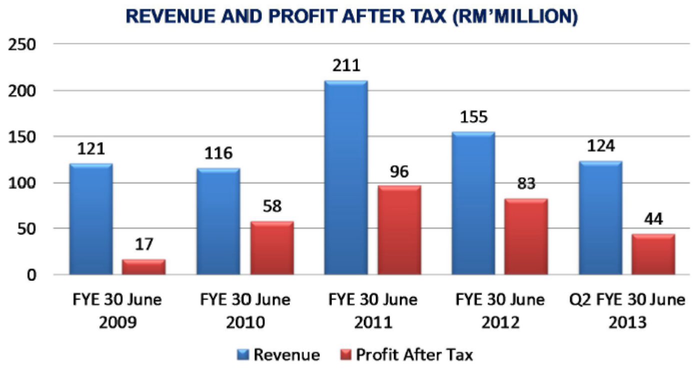


SOURCES: BENALEC

Figure 15: Benalec's current and potential reclamation projects by state

SOURCE: BENALEC

Figure 16: Revenue and net profit trends

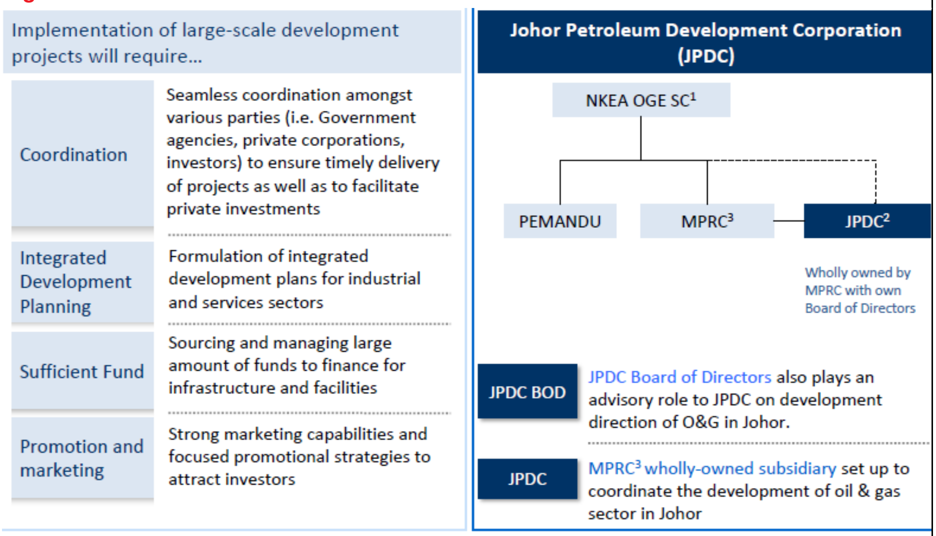


SOURCE: BENALEC

2.3 Johor Petroleum Development Corporation briefing

Johor Petroleum Development Corporation's (JPDC) session was hosted by manager of investor management En. Abd Rahim Ahad. JPDC was established in Feb 2012 to coordinate the development of the oil & gas industry in South Johor. It is a wholly-owned subsidiary of Malaysian Petroleum Resources Corporation (MPRC). In terms of structure, JPDC falls under the National Key Economic Area (NKEA) Oil, Gas & Energy Steering Committee (NKEA OG SC). Other key roles of JPDC include integrated development planning, promotion and marketing and securing funds for infrastructure.

Figure 17: JPDC falls under the NKEA Oil & Gas



SOURCES: JPDC

Oil & gas is one of the major drivers of ETP

JPDC highlighted that the development of the oil & gas industry continues to be one of the major deliverables of the Economic Transformation Programme (ETP). South Johor has vast potential for downstream oil & gas activities, which fall under entry-point project (EPP) 4 and 13 of the ETP Oil, Gas & Energy (OGE) initiative. This will support the continued efforts for domestic oil & gas production and, more importantly, support the expansion of downstream oil & gas facilities through attracting major international oilfield services players, unlocking gas demand though LNG imports and increasing petrochemical output. The ultimate aim is to make Malaysia the no. 1 hub in Asia for oilfield services. To achieve this, the next key focus is to develop the best logistics network and this is where South Johor (which is located near Iskandar) comes in.

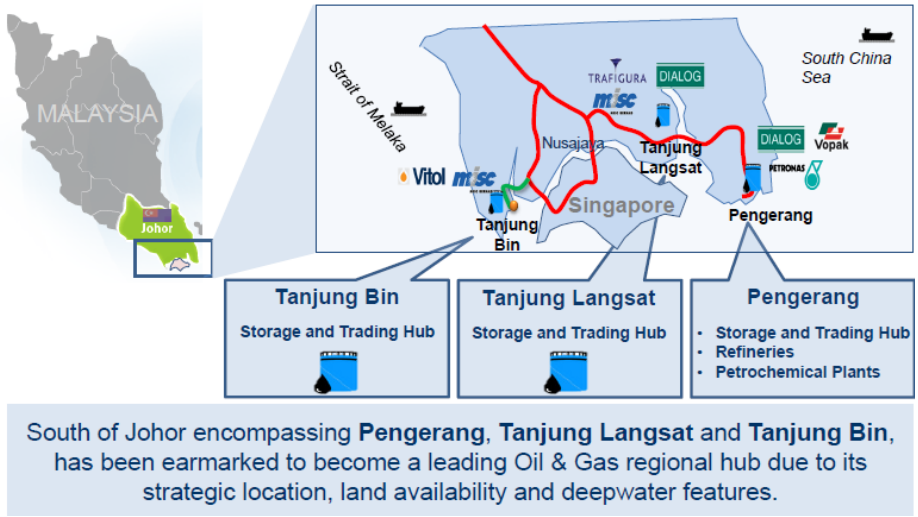
Figure 18: Oil & gas downstream activities' masterplan under the ETP

SOURCES: JPDC

South Johor could become a major oil & gas storage hub

South Johor has the geographical advantage to be positioned as a regional oil & gas storage hub. There are three existing storage tank facilities, which have a total storage capacity of 10m cu m3, located in 1) Tanjung Bin, 2) Tanjung Langsat, and 3) Pengerang. This does not include the latest facility in Tanjung Piai, which was announced in 2012. Given Iskandar's close proximity to Singapore and the shortage of oil & gas storage areas in Singapore, expansion of logistics capabilities now focuses on Iskandar. The economics make sense, in that there has been increasing demand to build oil & gas storage capacity in the region that will spin off into the oil trading business, refinery, petrochemical complexes and LNG regas terminals. What is interesting is that Singapore, with its current independent storage capacity of 10m cu m3, has limited land for new major storage facilities.

Figure 19: Potential for Iskandar to become a regional oil & gas storage hub

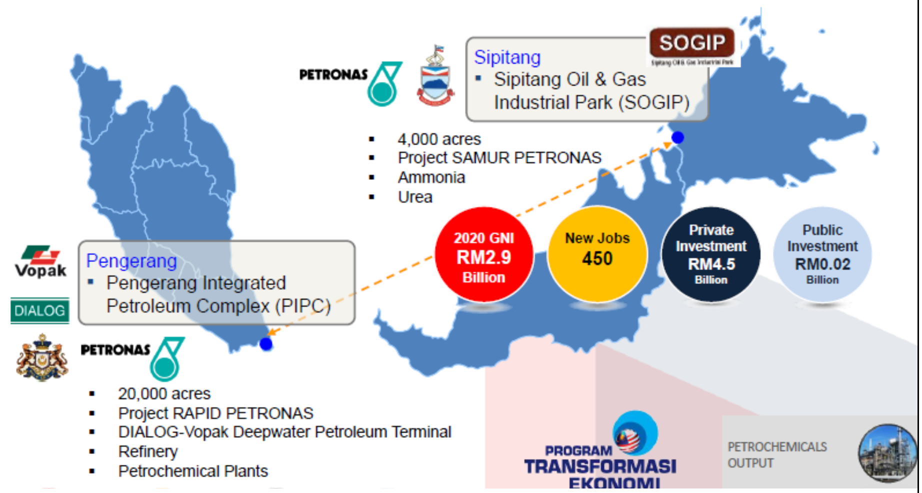


SOURCES: JPDC

Johor as one of the two major hubs for new petrochemical complexes

To increase the nation's petrochemical output over the longer term, two new petrochemical facilities will be built, one located in Sipitang and the other in Pengerang. Pengerang is an area in Johor spanning 20k acres. The entire development is called Pengerang Integrated Petrochemical Complex (PIPC). PIPC will feature refineries and petrochemical plants, among other structures. Under the ETP, PIPC constitutes RM69bn, or 33% of total committed investments of RM209.8bn as at Nov 12. The oil & gas-related initiatives under the ETP is more focused in Pengerang as it 1) provides an alternative to meet the country's future energy requirement on the back of an LNG regasification terminal and a new oil refinery by Petronas, and 2) has good potential to expand into petroleum product activities as an additional source of revenue.

Figure 20: PIPC will be the next growth driver for oil & gas downstream in Iskandar



SOURCES: JPDC

PIPC vs. RAPID

JPDC highlighted that it is important to make a distinction between Pengerang (PIPC) as an entire area earmarked for petrochemical development and the Refining and Petrochemical Integrated Development Project or RAPID as one of the flagship projects by Petronas within PIPC. Pengerang is strategically located as it provides access to major international shipping lanes mainly between the Middle East, Singapore and China. It offers a depth of 24m, which is suitable for very large crude carriers (VLCCs) and ultra large crude carriers (ULCC). It is a safe and sheltered harbour with sufficient development land (20k acres). Overall, PIPC will offer oil & gas storage facilities, oil refineries, petrochemical plants and LNG regasification facilities.

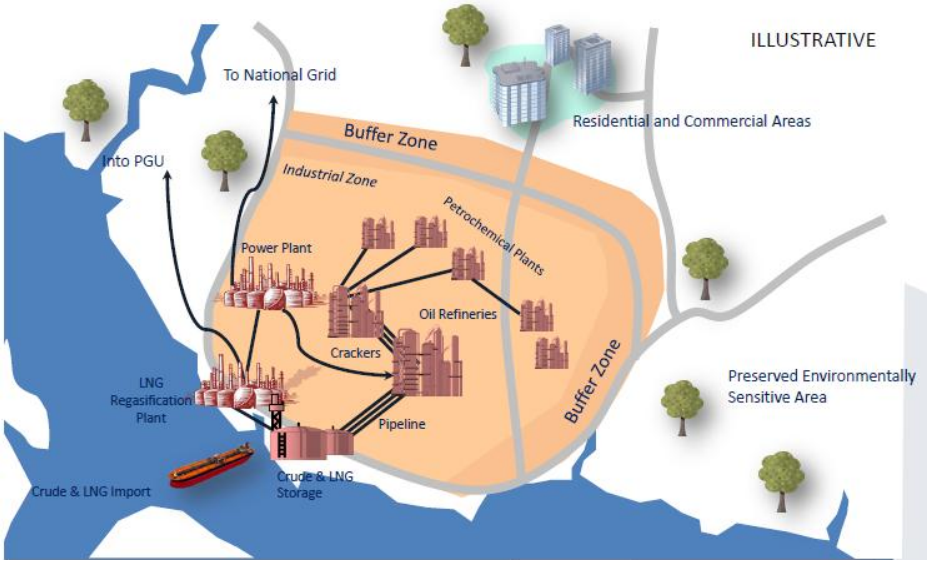
Figure 21: Pengerang is located at the intersection of international trade lanes

SOURCE: JPDC

Figure 22: Location of Pengerang relative to Jurong

SOURCE: JPDC

Figure 23: PIPC - concept

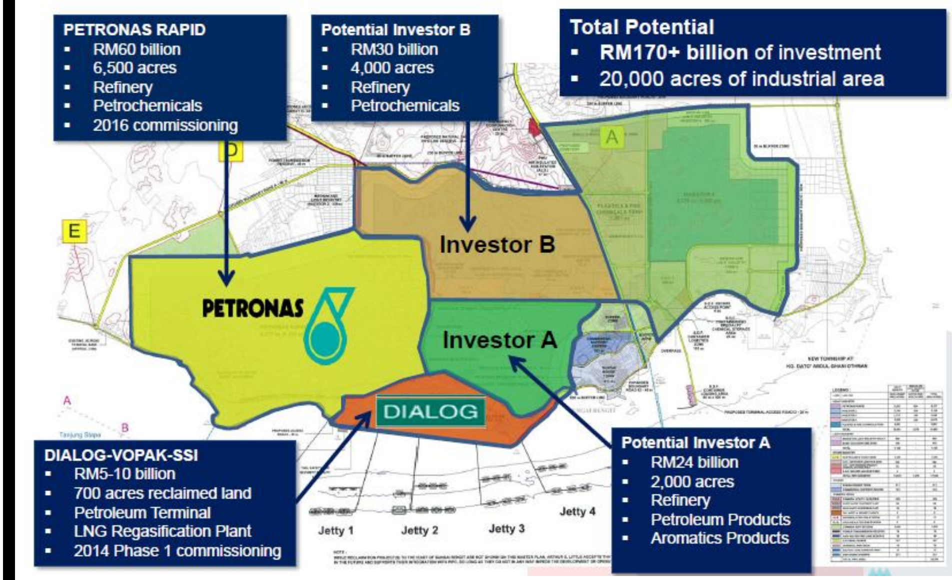


SOURCES: JPDC

PIPC goes beyond RAPID and Dialog-Vopak JV

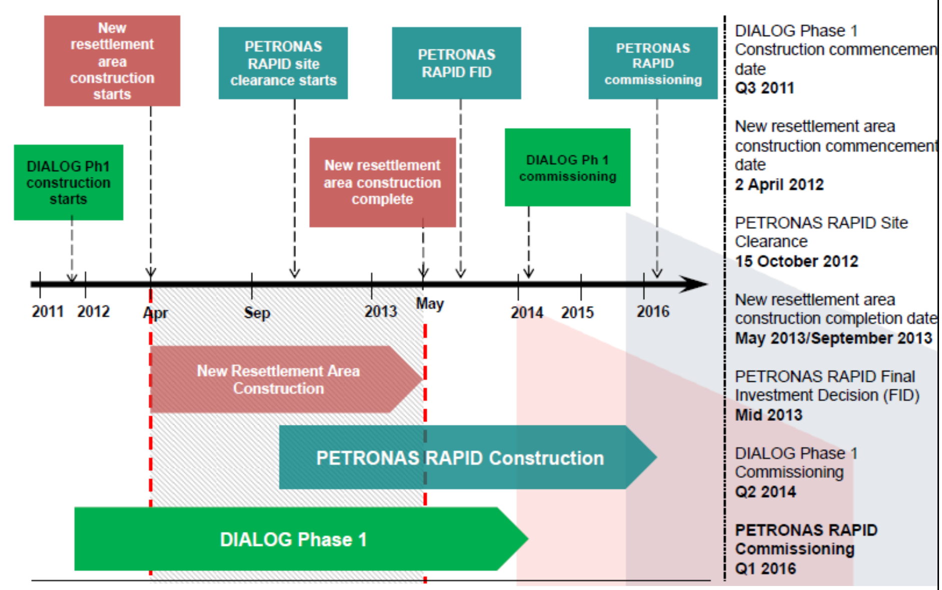
PIPC is expected to attract over RM170bn in total investments between now and 2027. The flagship investments currently ongoing are the RM60bn RAPID by Petronas (6,500 acres) and the RM4bn independent deepwater petroleum terminal (700 acres - reclaimed) by Dialog-Vopak JV. The petroleum terminal will be one of the first independent LNG terminals in Asia. Simply put, this facility will allow multiple LNG users to store and trade LNG products. Phase one (LNG terminal for trading with regasification facilities) is targeted to be commissioned in 2016 and phase two by 2018. RAPID is targeted to be commissioned in 2016. In the pipeline are two new investors with a total potential investment of RM54bn.

Figure 24: Over RM170bn of total investments in PIPC



SOURCES: JPDC

Figure 25: Committed deadlines

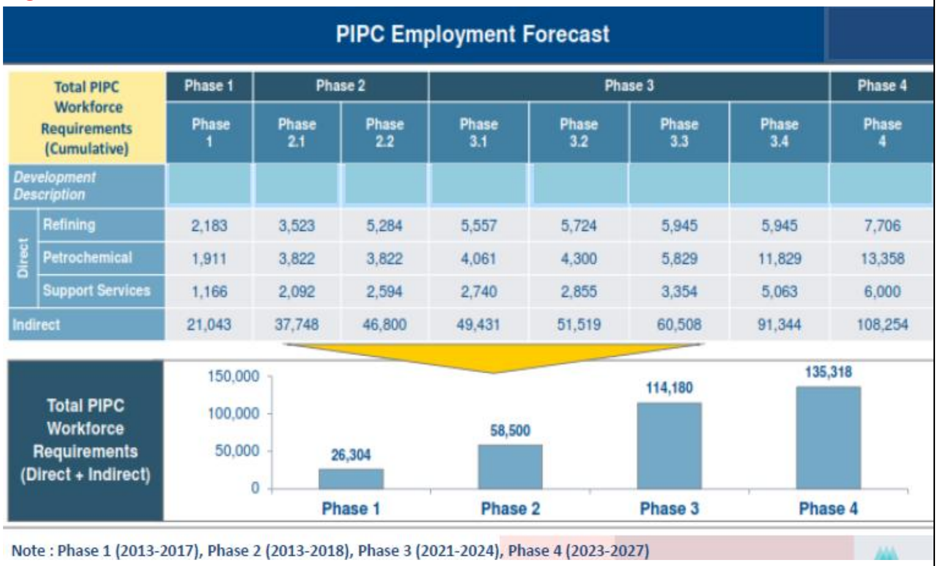


SOURCES: JPDC

Huge employment creation and population growth from PIPC

PIPC's development from 2013 to 2027 is expected to create huge employment opportunities within the refining, petrochemicals and support services segments and other indirect segments. Total workforce population is targeted to more than double from 26.3k to 58.5k between 2013 and 2018 throughout phase one and two. By 2017, total workforce should reach 135k, comprising direct (onsite) and indirect (regional support) employment. The total population in PIPC, including household members and construction workforce, is expected to surge from 19k in 2013 to 126k in 2015.

Figure 26: PIPC's workforce

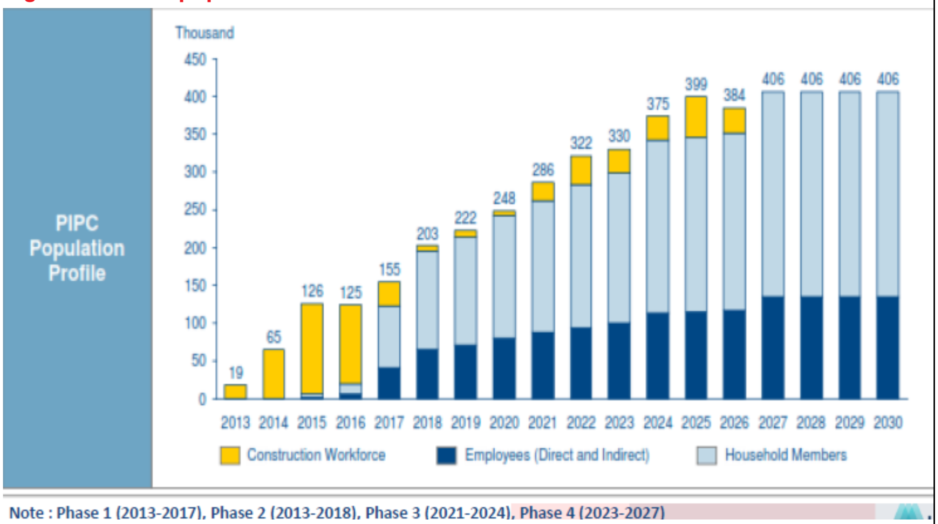

PIPC Employment Forecast

Total PIPC Workforce Requirements (Cumulative)	Phase 1	Phase 2		Phase 3				Phase 4
	Phase 1	Phase 2.1	Phase 2.2	Phase 3.1	Phase 3.2	Phase 3.3	Phase 3.4	Phase 4
Development Description								
Direct – Refining	2,183	3,523	5,284	5,557	5,724	5,945	5,945	7,706
Direct – Petrochemical	1,911	3,822	3,822	4,061	4,300	5,829	11,829	13,358
Direct – Support Services	1,166	2,092	2,594	2,740	2,855	3,354	5,063	6,000
Indirect	21,043	37,748	46,800	49,431	51,519	60,508	91,344	108,254

Note : Phase 1 (2013-2017), Phase 2 (2013-2018), Phase 3 (2021-2024), Phase 4 (2023-2027)

SOURCES: JPDC

Figure 27: Total population forecasts in PIPC from 2013 to 2030



Note : Phase 1 (2013-2017), Phase 2 (2013-2018), Phase 3 (2021-2024), Phase 4 (2023-2027)

SOURCES: JPDC

Some challenges ahead

According to En. Abd Rahim Ahad, what is crucial for JPDC at this juncture is to implement land acquisitions. This is because the larger part of the 20k-acre land in Pengerang apart from that for RAPID and the Dialog-Vopak JV is still owned by villagers. Also, basic infrastructure works such as earthworks and access roads need to be rolled out. However, the challenge here is to secure additional federal government funds as most of the allocation for Johor under the 10th Malaysia Plan has been utilised by the Iskandar Regional Development Authority (IRDA).

2.4 Kulim briefing

Kulim's group ED Mr. Wong Seng Lee, CFO Encik Azli Mohamad, deputy general manager of corporate affairs Md Faizal Abdulah and Puan Nina Sapura and Encik Azmil Majid from the corporate affairs division recently attended the CIMB Johor Property and Infra Play seminar in Le Grandeur Palm Resort.

Kulim owns 45,592ha of estates in Malaysia, of which all are located in Johor. Several of the group's estates located on the outer fringes of Iskandar, including

Ulu Tiram, Kota Tinggi and Sg Papan, could benefit from the spillover from the boom in the flagship zones. However, it is still early days and the group revealed that it will decide on how to unlock land value when the time is ripe.

Other highlights from the session are as follows: (1) it expects CPO prices to average RM2,400-2,600 per tonne in 2013, (2) it has sold forward a very small quantum of its CPO for the current year, (3) the group's cost of production for CPO is around RM1,600 per tonne (after Palm Kernal credit) in Malaysia, (4) there are plans to acquire estates in Malaysia, Indonesia and PNG, and (5) in terms of strategy, the group does not rule out raising its stake in associate New Britain Palm Oil and over time relook intrapreneur ventures that are involved mostly in shipbuilding and ship repairs facilities and which do not attract any synergies with its existing business.

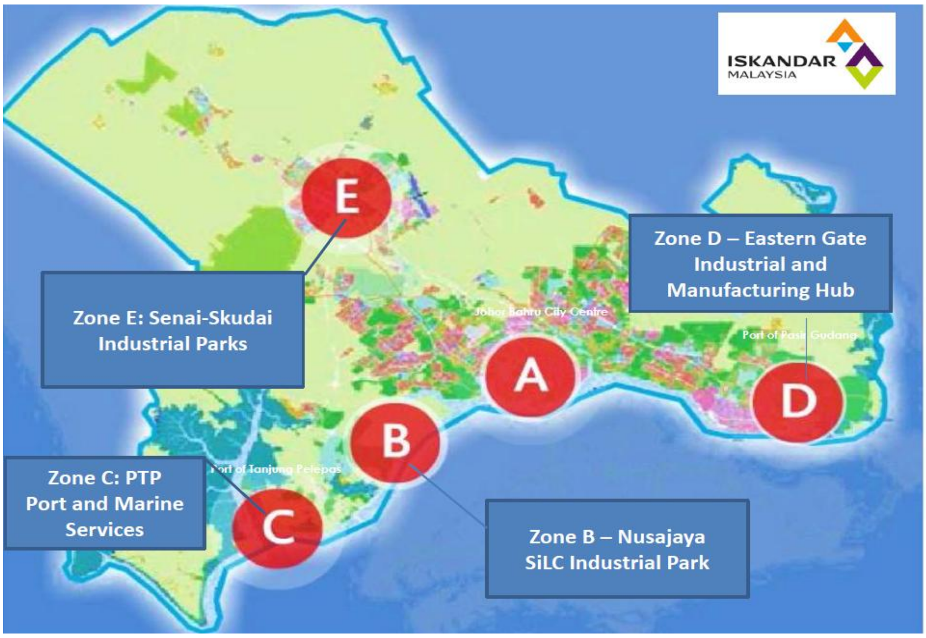
Figure 28: Kulim estates' location (in green)

SOURCES: CIMB, KULIM PRESENTATION SLIDES

2.5 Axis REIT briefing

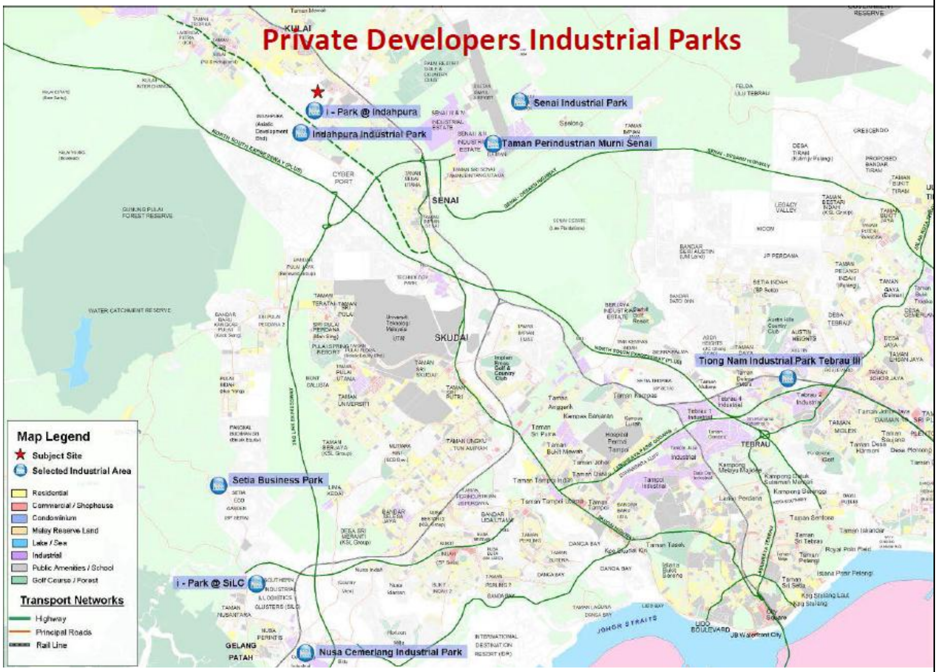
Axis REIT CEO Dato' Steward LeBrooy did not talk much about Axis REIT but instead focused on Iskandar and some of the private ventures by the major shareholders of Axis REIT. He was very bullish about Iskandar, not from the high-end condo or tourism perspectives, which have been the focus of investors and analysts, but from the industrial property angle. Firstly, he argues that the real Shenzhen (in reference to our recent report titled "Iskandar - Malaysia's Shenzhen") is an industrial play and not a residential play and that it is business activities that will bring growth to a region. Secondly, he believes 2013 and not 2012 (as highlighted by UEM Land management) is the tipping point for Iskandar, driven by the boom in industrial properties. Lastly, he expects Iskandar's future to be very bright and believes jobs in Iskandar will eventually pay better than those in the Klang Valley and that there will be a big inflow of people from all over the country to work in Iskandar.

Figure 29: Four out of five flagship zones have industrial developments



SOURCES: AXIS REIT

Figure 30: Industrial parks in Iskandar



SOURCES: AXIS REIT

The key reason for Dato' Steward LeBrooy's bullishness on Iskandar is the Singapore factor. He believes attitudes by Singaporeans towards Iskandar are changing due to increasing vocal support by the authorities and the simple cost factor. Singapore was listed in mid-2011 as having among the top three most expensive prime industrial land prices in the world, together with Hong Kong and Tokyo. Also, he quoted reports that cite Singapore's move to reduce the approval rate for imported workers and the fact that 40% of 6,000 SMEs suffer labour shortages, which are serious issues. Besides labour issues, Singapore’s high property rents, transport costs and worker levies make Iskandar a truly attractive alternative.

On the private side, Axis Group has a joint venture project to develop an industrial park in i-Park Indahpura named SME City. Measuring 125 acres with a GDV of RM600m, phase 1 was priced at RM260-330psf and was sold out in two hours. 80-90% of the buyers are from Singapore. Similar to SP Setia's Setia Business Park, i-Park is gated and guarded and offers buyers a one-stop solution for greater convenience. But it takes it a step further than SP Setia with the concept of a "queen bee" industrial plant that can measure up to 40 acres. Such a massive industry would attract support industries to be located close to it. Axis Group is talking to 4-5 potential "queen bee" buyers. Also, i-Park includes worker accommodations that have a 5k bed capacity. I-Park can be sold or leased to SMEs, thus opening up opportunities for Axis REIT to purchase potentially up to RM300m worth of industrial properties there.

Figure 31: i-Park

SOURCES: AXIS GROUP

Figure 32: SME City

SOURCES: AXIS GROUP

2.1 Port of Tanjung Pelepas site visit

Our meeting and 20-minute tour of Port of Tanjung Pelepas (PTP) were hosted by manager in the strategy department Mohd Fahmi Zakaria and senior corporate communications executive Mohd Azham Abdul Rahman. PTP is located within Iskandar's Flagship Zone C. It is 70%-owned by MMC Corporation while the balance 30% is owned by APM Terminals. PTP holds a 60-year port concession from 1995 to 2055. It was accorded Free Zone status in 1997 and Free Zone authority in 1998. PTP was a greenfield venture undertaken on a fishing village in Tanjung Pelepas. The total development area spans 2k acres for the port terminal and 1.5k acres for the Free Zone area.

Figure 33: Shareholding structure of PTP

SOURCES: PTP

Figure 34: View of Tanjung Pelepas as a fishing village

SOURCE: PTP

Figure 35: View of PTP presently

SOURCE: PTP

No. 1 container port in Malaysia, no. 2 in SEA

PTP is strategically located within the world's main transhipment area and has close proximity to the east-west trade lines. Logistically, it is able to accommodate vessels of varying sizes given the wide access channel, wide turning basin of up to 720m and deep river port (draft range of 15m-19m). Its world-class facility offers a 4.3km linear quay (12 berths x 360m), 200k TEU capacity container yard, 4k reefer points and 8.4m TEU capacity. Its port operations standards are generally above the industry average. For example, PTP is able to churn out high crane productivity of 30 moves/hour, compared to the industry average of 27 moves/hour. It commands a berth performance rate of 63%, which is well within the optimal range of 60-65%, and fast vessel turnaround time of 12 hours. In terms of ranking, PTP is currently the no. 1

container port in Malaysia and the no. 2 in Southeast Asia. In terms of world ranking, PTP stood at no. 17 in 2011.

Figure 36: PTP's strategic location

SOURCES: PTP

Figure 37: PTP's world ranking in 2011

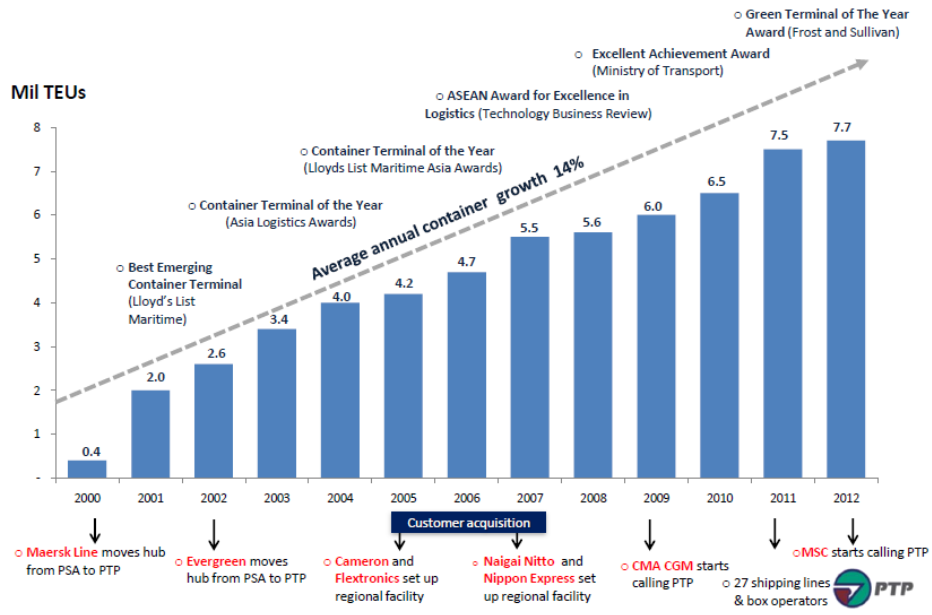
Rank	Port	Mil TEUs
1	Shanghai	31.7
2	Singapore	29.9
3	Hong Kong	24.4
4	Shenzhen	22.5
5	Busan	16.1
6	Ningbo	14.6
7	Guangzhou	14.4
8	Qingdao	13.0
9	Dubai	13.0
10	Rotterdam	11.9
11	Tianjin	11.5
12	Kaohsiung	9.6
13	Port Klang	9.6
14	Hamburg	9.0
15	Antwerp	8.6
16	Los Angeles	7.9
17	Tanjung Pelepas	7.5
18	Xiamen	6.4
19	Dalian	6.4
20	Long Beach	6.0

SOURCES: PTP

14% average container growth p.a.

Since it started operations in 2000, PTP registered an average TEU growth of 14% p.a. up to 2012. In the early years between 2000 and 2005, the growth in TEU was driven by the shifting of Maersk Line and Evergreen from Port of Singapore Authority (PSA) to PTP. Other drivers which also indirectly benefited its Free Zone were regional manufacturers like Cameron, Flextronics, Naigai Nitto and Nippon Express setting up shop at PTP. Overall, one of the key attractions of PTP is that it offers global connectivity to more than 165 ports around the world.

Figure 38: PTP's growth trend since 2000



SOURCES: PTP

Pelepas Free Zone

Another segment in PTP is the Pelepas Free Zone (PFZ) area, which is located on a fully-developed 600-acre free zone land. The balance 948 acres of the total 2,000 is earmarked for future expansion. Over the last 10 years, PFZ has attracted 36 light- to medium-scale manufacturing companies with total investments of RM2.7bn. Other services within PFZ include warehousing and logistics.

Figure 39: View of PFZ adjacent to port area

SOURCE: PTP

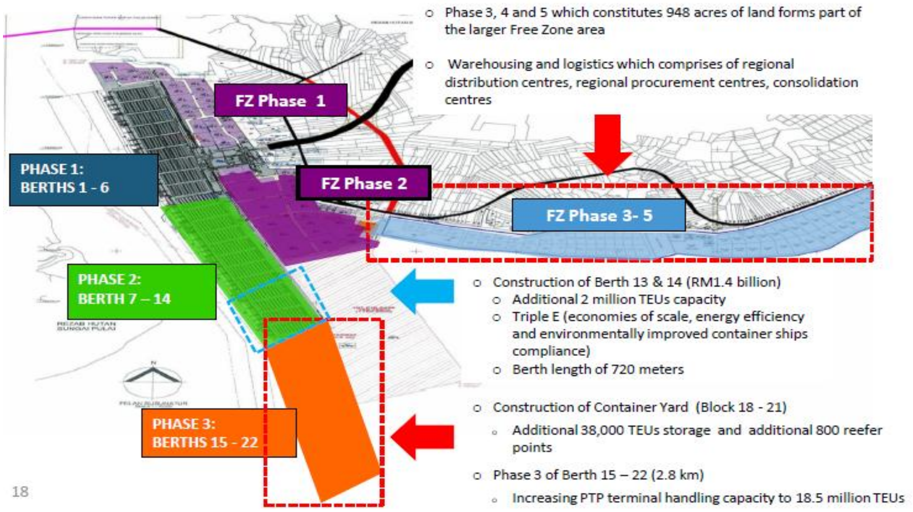
Figure 40: Warehousing and logistics facilities

SOURCE: PTP

Expansion plans

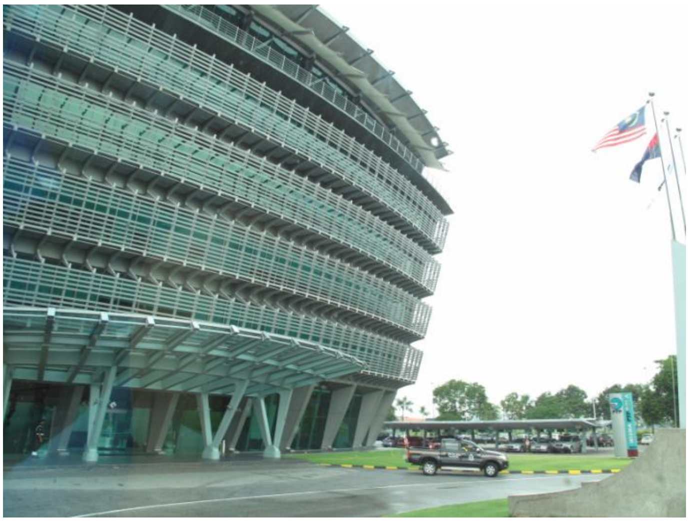
For port operations, PTP plans RM1.4bn in capex to build berth 13 and 14 under phase two, which will add an additional 2m TEUs capacity with the ability to accommodate large triple E vessels (container ships). With the expansion, total berth length of 4.2km presently will rise by another 720m. There are also plans to build new container yards, which would result in an additional 38k TEUs of storage and 800 reefer points. Phase three of port expansion involves the construction of berth 15 to 22 (eight new berths) measuring 2.8km. When all is in place, total terminal handling capacity will increase to 18.5m TEUs. For PFZ, the remaining 948 acres of land will be developed under phase 3, 4 and 5.

Figure 41: Expansion plans



SOURCES: PTP

Figure 42: PTP's main office



SOURCE: CIMB

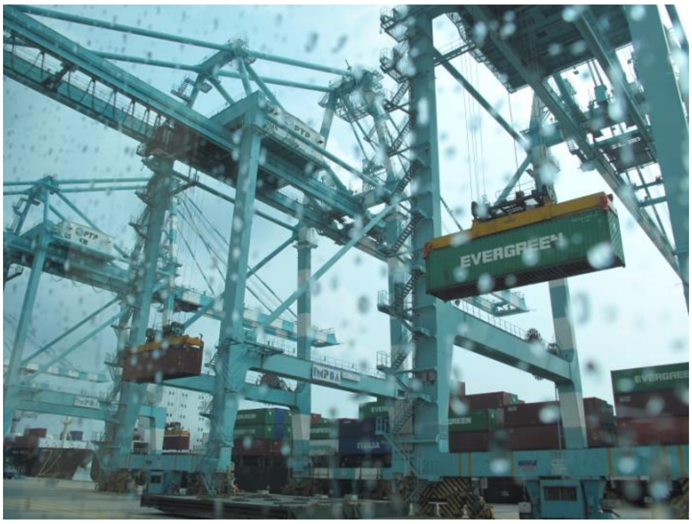
Figure 43: From the viewing deck

SOURCE: CIMB

Figure 44: View of port area

SOURCE: CIMB

Figure 45: Container transfer in progress



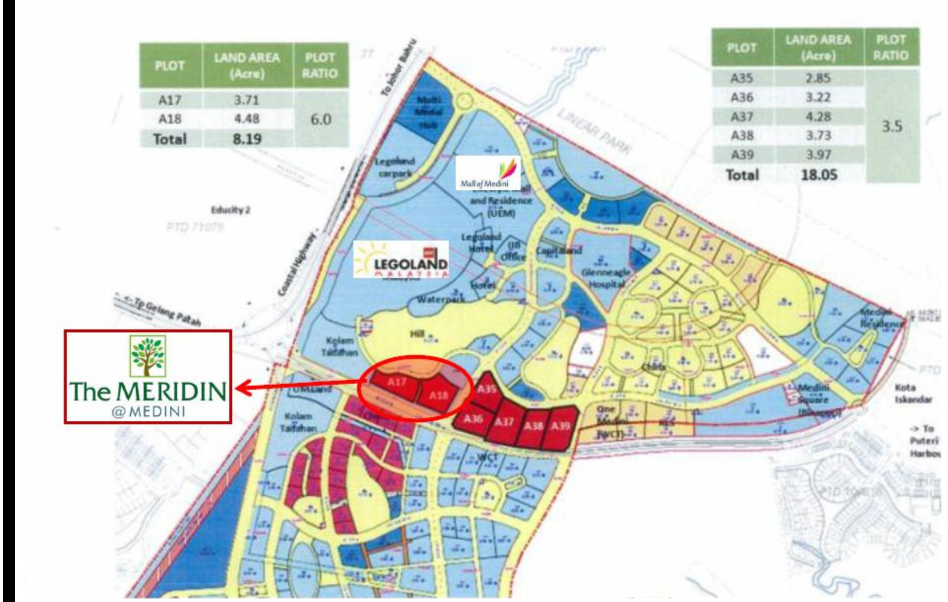
SOURCE: CIMB

3. DAY 3 OF ISKANDAR TOUR

3.1 Meridin@Medini site visit

Mah Sing's senior GM of the southern region Dr Chai Kow Sin gave us a quick tour of the area close to LegoLand as there were several projects that had already started construction work. Dr Chai emphasised that the unique proposition of Meridin was that the project was of residential title whereas the other projects in that area were all of commercial title, which means that buyers for those projects will have to pay higher maintenance charges. Recall that Mah Sing acquired the 8.2-acre land in Medini in Oct 2012 for RM75m or RM209psf. The leasehold land has a plot ratio of 6x while GDV is RM1.1bn. The project comprises residential properties originally targeted to be priced around the RM550-600psf range, retail and commercial space as well as a hotel.

Figure 46: Location of Meridin within Medini North



SOURCES: MAH SING

Earthworks for Meridin have already started and the show unit is expected to be completed in two months' time. Phase 1 of the project comprises three towers with 756 units of condominiums and 30 retail lots. Phase 1 has a GDV of RM480m and pricing of the condos has been raised to RM650psf but it will include free legal fees, wardrobe, kitchen cabinets, lighting and air-conditioners. Thus far the group has 4k registrants, of which 50% are Singaporeans. Including another 1k units registered by real estate agents, the demand of 5k units far exceeds the total 786 units available. Mah Sing will likely undertake a balloting exercise to determine who will get to buy a unit. The company is confident that Meridin will be a runaway success. It claims that Singaporeans are clamouring for a piece of the pie as the entry cost of RM300k per unit is merely the price of a Certificate Of Entitlement for a car in Singapore. In fact, Singaporeans are only keen on the larger units of 2k sq ft even though sizes at Meridin start from just above 500 sq ft.

Figure 47: Meridin construction site

SOURCES: CIMB

Figure 48: Earthworks being carried out

SOURCES: CIMB

Figure 49: Meridin@Medini

SOURCES: MAH SING GROUP

3.2 Our plantation analyst's detour

During our recent road trip to Iskandar, our regional plantation analyst, Ivy Ng, made a detour to visit Genting Plantations's property sales office in Indahpura, Johor, as well as the sales offices of the two industrial parks, located within Indahpura.

She met up with Mr Beverly Goldman, senior sales manager of Indahpura, visited the showhouse units of i-Park and the Indahpura project and came away positive.

Strong take-up rate for i-Park - 90-100% sold

Firstly, we found that demand for the 230-acre i-Park and SME City, a 50:50 JV between AME and Axis Group (or promoter of Axis REIT), was very strong due to its unique proposition of being a fully-integrated and gated industrial development that offers total solutions to investors intending to invest in factories and warehouses. The other unique feature of this project is the SME

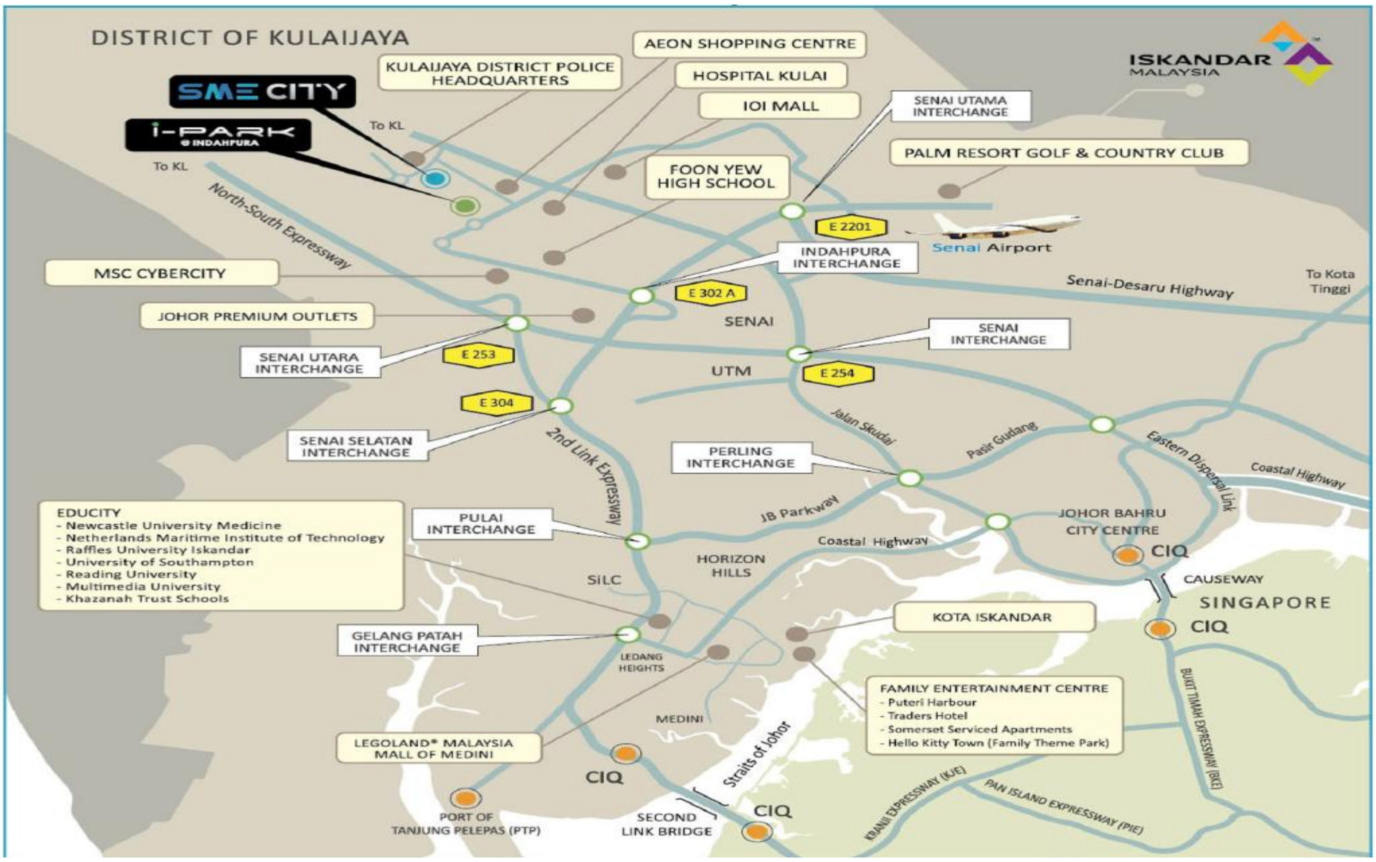
City, which offers SME investors the advantage of positioning their businesses next to their clients in i-Park. Total GDV of this project is around RM600m.

Lots at i-Park, which is located inside Genting Plantations's Indahpura project and a 5-minutes' drive from Indahpura Industrial Park, were snapped up within two hours of its launch on 9 March 2013. We gathered that phase 1 of the industrial park has been fully taken up while phase 2 is 90% sold. The average price for the industrial lots was RM260-300psf (inclusive of the factory).

Figure 50: Strong take-up rate for phase 1 and 2 of i-Park

SOURCES: CIMB, AXIS

Figure 51: Close proximity of SME City and i-Park to amenities and highways



SOURCES: CIMB, AXIS

Foxconn has set up shop in Indahpura Industrial Park

The second industrial park, also located in Indahpura and measuring around 100 acres, is known as Indahpura Industrial Park. This park is developed by Indahpura Jaya, a JV between the Eastern and Bond groups. We gathered that it has sold 70% of the industrial lots. It is also interesting to note that Foxconn Technology Group, a major assembler of Apple products, has set up shop there on a 15-acre site and the factory was operating when we were there. According to the Economic Transformation Programme (ETP) wesbite, Taiwan's Foxconn Technology Group received a licence on 18 May 2011 to invest in Kulai, Johor, to produce printer cartridges.

Figure 32: Foxconn factory located in Indahpura Industrial Park

SOURCES: CIMB, AXIS

Who else is moving into the industrial park?

We gathered that approximately 80% of buyers for i-Park are Singaporeans while the remaining 20% are from the US, Europe and other countries. These to us are signs that small and medium enterprises (SMEs) from Singapore have started to relocate their factories to Malaysia due to manpower shortages and the rising cost of doing business in the country. In a presentation to investors, Axis REIT CEO Dato' Stewart LaBrooy revealed that the recent warming of relations between the two countries and the change in how Singapore viewed Iskandar from a threat previously to an ally are likely to maintain the strong momentum of investment flows from Singapore.

Figure 53: One of the show units in i-Park

SOURCES: CIMB

Figure 54: Inside one of i-Park show units

SOURCES: CIMB

More factories will start operations in 1-2 years

We gathered that some of the industrial factories have started operations in the industrial parks and more will be moving in in the next 12 to 15 months when the facilities are ready in 2014. It takes the developer at least 12 months to build a factory according to the specifications of its customers. When the factories come onstream, we expect demand for properties and activities surrounding the Indahpura project to pick up and the companies under our coverage that will be key beneficiaries are Genting Plantations and IOI Corporation.

Figure 55: Indahpura Industrial Park

SOURCES: CIMB

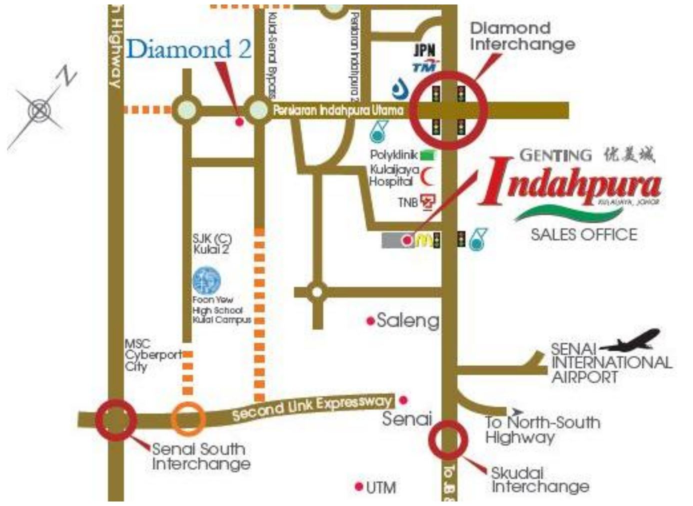
Figure 56: i-Park entrance

SOURCES: CIMB

Construction work on phase 2 of JPO in full swing

A visit to the Johor Premium Outlet (JPO), a 50:50 JV between Genting Plantations and Premium Outlets, revealed that the extension works on the second phase are ongoing. Phase 2 of JPO will add 40 stores (or 100,000 sq ft of retail space) to JPO's existing 80 designer and name brand outlets (or over 175,000 sq ft). We believe the opening of LegoLand and other attractions in Johor plus the additional outlets will spur visitor arrivals to JPO and expand Genting Plantations's future income stream from this investment. Currently, around half of the visitors to JPO are local and the remainder are from overseas. The outlet is a success and reported profit of around RM6m during the first year of operations.

Figure 57: Location of Genting Indahpura



SOURCES: CIMB, COMPANY REPORTS

Figure 58: A showhouse in the Indahpura project

SOURCES: CIMB

Figure 59: Construction works in JPO

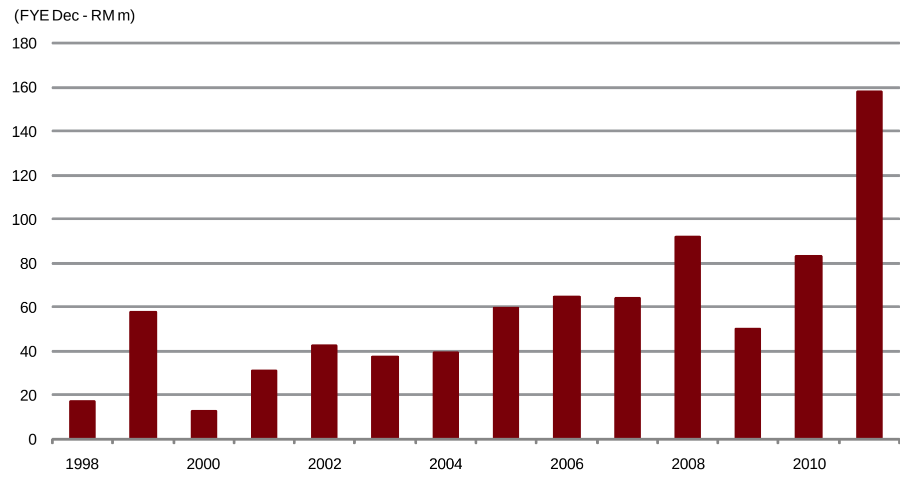
SOURCES: CIMB

Recent take-up for launches has been strong

The Indahpura project is a 7,000-acre township project by Genting Plantations located in Zone E of the Iskandar region. Currently, only 25% of the area is developed. It is estimated that the remaining areas will take another 20-30 years to develop.

The recent launches include 156 units of double-storey shophouses for around RM1.1m per unit, launched in Dec 2012. That launch recorded a take-up rate of 60-70%. The other recent launch is of double-story terraces, known as Diamond 2, that are selling for RM400-500k per unit and which posted a strong take-up rate of above 70% as well. There are plans to launch higher-end residential units like two-and-a-half-storey terrace houses, semi-detached and bungalow units to cater to the demand coming from new factories starting up in the industrial parks. This will help boost future new sales for this project, which has historically ranged from RM50m to RM100m. We also gathered that roughly 80% of the homes purchased in the projects are owner-occupied and only 20% are for investment purposes.

Figure 60: The jump in Genting Plantations's property sales in 2011 is driven partly by industrial land sales



SOURCES: CIMB, COMPANY REPORTS

Catalysts to spur demand for Indahpura properties

Genting Plantations is expected to step up its launches in the Indahpura project, which has benefited from (1) the completion of the Kulai Diamond Interchange in November 2011, which connects Indahpura with the Johor-Singapore Second Link, (2) the completion of the Johor Premium Outlet in November 2011, (3) ongoing development of two industrial parks in Indahpura, and (4) the expected opening of AEON's newest shopping mall in Indahpura in December 2013.

How will Genting Plantations benefit from this?

Apart from a gradual increase in property sales from this project through stronger demand and higher selling prices, we expect the group to benefit through appreciation in the land value of its 2,659ha of estates in Kulai. Of this, only 60ha have been converted for property development. The land was recorded at book value of RM307.7m as at 31 December 2011. This puts the implied value for the land at RM115,720 per ha (or RM1.07psf), which is extremely attractive compared to the recent transacted prices for property land in Johor.

Assuming a fair value of RM8-10psf for the land, taking into account the fact that the bulk of the land has yet to be converted for property development, a potential unlocking of the value today will boost the land value to

RM1,982-2,554m, adding around RM2.61 to 3.36 per share to the group's current NTA of RM4.51 per share.

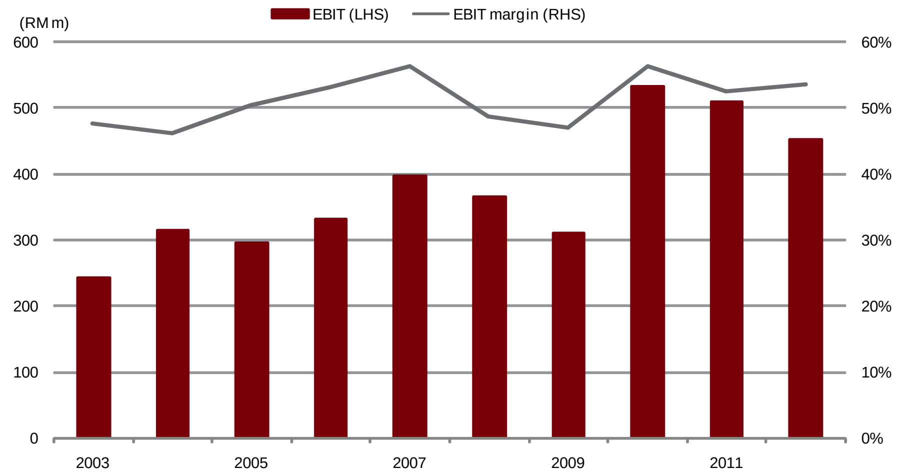
For comparison purposes, Genting Plantations sold around 200 acres of industrial land to I-city and Indahpura at around RM12-13psf in 2011. The 44 acres of land sold for the development of JPO was transacted at RM38m (or RM20psf) while the commercial land sold to AEON group was valued at RM28 per sq. ft. We understand the group recently sold more industrial land to Axis and the AME group for the development of SME City. However, we believe it will take time for the group to unlock the value of its Johor land as it is a large tract of landbank.

Currently, Genting Plantations derives most of its property earnings from Johor, which makes up around 4% of the group's FY12 total EBITDA. We project 10-20% improvement in earnings over the next few years, based on growing property sales.

IOI Corp stands to benefit as well

IOI Corp's Bandar Putra Senai project, which is located next to Indahpura, is expected to benefit from the development in the region as well. Bandar Putra Senai is a more mature township as the group has developed around 67% of the land area converted for development of about 2,299ha (5,680 acres). In 2012, this project accounted for 29% of its total units sold and 19% of its total sales values. Apart from this, the group has three other property projects in Iskandar: Taman Kempas Utama, Taman Lagenda Putra and the Platino. The carrying value of IOI's remaining property land area in Johor for township development varies from RM3psf to RM33psf. If we revalue some of the land to RM20psf, we estimate this will raise the group's NBV of RM2.06 per share by RM0.23 per share (11%).

Figure 61: IOI Corp - property division's EBIT and EBIT margin



SOURCES: CIMB, COMPANY REPORTS

4. VALUATION AND RECOMMENDATIONS

4.1 More bullish about Iskandar

The 3-day Iskandar tour reinforces our bullish stance on the development corridor, as per our reported dated 18 Mar (see PDF for details). Recall that in our conclusion for that report we stated that residential property prices could hit a temporary peak in 3-5 years when large new supply comes onstream. While we are still concerned about how occupancy and rental rates for these new condos will fare, we draw comfort from two factors. Firstly, rental rates at present in Nusajaya are very firm and in some cases even higher than in the Klang Valley due to the shortage of supply. Secondly, demand for industrial properties is far more robust than we expected.

We were surprised by the strong rental market as we had assumed rental rates would be weak given how new Nusajaya is. But this is not the case due to an increase in student and worker populations. A 900 sq ft apartment in Nusajaya commands a monthly rental of RM2,500 while link houses in the affordable Nusa Idaman development are fetching RM1,400/month. For the higher-end East Ledang, link houses command monthly rentals of RM4k-5k while semi-Ds are rented out at RM8,500-10k. For large bungalows in Ledang Heights, monthly rentals are RM25k. This means rental yields are around 5-6% based on current values, or a higher 10% based on purchase price.

But the concern is that rental rates could come under pressure when new supply comes onstream in East Ledang, Puteri Harbour, Horizon Hills and Danga Bay over the next few years. For the longer term, we still believe it is crucial for business activities to pick up in order for job creation to absorb the new supply of homes under construction. It is from our 3-day visit to Iskandar that we draw the greatest comfort on this front. The strong interest by Singapore SMEs to move to Iskandar is hugely positive for the development corridor. Dato' Stewart LeBrooy believes that this trend will continue and that there is little that can thwart it. With an influx of industries from Singapore to Iskandar, it will create plentiful jobs and this in turn will boost demand for residential properties. If the industrial shift takes place fast enough, perhaps the 3-5 year peak may not materialise at all.

4.2 How to play Iskandar

Property developers with exposure to residential, industrial and commercial properties in Iskandar look to be the biggest beneficiaries. Plantation companies, such as Genting Plantations and Kulim, will also benefit from the appreciation in the value of their plantation land and the unlocking of that value when they develop it. Contractors that already have exposure to property development in Nusajaya, such as Gamuda and WCT, as well as innovative contractors, such as Benalec, are also winners. Benalec could become a very large player in Iskandar as the group has plans to reclaim thousands of acres in Pengerang and Tanjung Piai.

4.3 Conclusion

We came away from the 3-day Iskandar visit more convinced that the development corridor is headed for big success. Not only are developers from both sides of the Causeway flocking to acquire landbank due to the strong demand from Malaysians and Singaporeans for residential properties launched, but the shift of Singapore SMEs appears genuine and is picking up pace. But it is not just Singaporean industries that are moving to Iskandar, businesses from North America, Europe and Asia are also making an appearance. Speakers at our briefings in Johor said that foreign-owned industries are flowing from China back to Malaysia due to better legal protection for intellectual property rights and lower cost differentials now that costs in China have risen. This significant trend opens up opportunities for developers to tap the demand for industrial properties too. The influx of industries into Iskandar means more construction activities, job creation and demand for other supporting facilities, which are positive for residential, commercial and retail properties. To conclude, Iskandar has come a long way in just the last 1-2 years and is indeed shaping up to be the "Shenzhen of Malaysia".

Figure 62: Companies with exposure to Iskandar

Property	Bloomberg Code	Price (RM)	Market Cap (RM m)	Avg Daily Turnover (RM m)	Hist. P/E (x)	Hist. P/B (x)	Hist. DY (%)	Hist. Gearing (%)
Axis Reit	AXRB MK Equity	3.450	1,580	1.1	15.3	1.6	5.4	55.1
Country View Bhd	CVB MK Equity	1.180	118	0.0	3.1	0.8	5.1	83.4
Crescendo Corp B	CCDO MK Equity	2.210	435	0.3	7.9	0.8	4.9	11.9
Daiman Develop	DD MK Equity	2.060	453	0.1	9.6	0.5	4.7	-18.8
Dijaya Corp Bhd	DJC MK Equity	1.500	1,300	0.8	3.4	0.6	1.8	75.0
Eastern & Orient	EAST MK Equity	1.600	1,770	4.1	13.2	1.3	2.7	25.5
Glomac Bhd	GLMC MK Equity	0.990	694	0.9	6.7	0.4	5.6	13.3
Hua Yang Bhd	HYB MK Equity	1.840	360	0.8	4.8	0.9	9.3	27.1
Keck Seng Malays	KS MK Equity	5.120	1,837	1.3	21.8	1.0	2.0	-37.7
KSL Holdings Bhd	KSL MK Equity	2.130	811	1.0	6.2	0.8	N/A	16.9
Mah Sing Group	MSGB MK Equity	2.260	2,555	1.8	9.1	1.7	4.4	28.9
Mulpha Intl Bhd	MIT MK Equity	0.395	851	1.0	N/A	0.3	N/A	30.7
Plenitude Bhd	PLEN MK Equity	1.940	524	0.1	12.0	0.6	2.6	-28.6
Scientex Bhd	SCI MK Equity	3.750	821	0.7	8.8	1.6	3.7	3.5
SP Setia Bhd	SPSB MK Equity	3.340	8,237	9.6	16.0	1.6	4.2	62.0
Tebrau Teguh Bhd	TEB MK Equity	1.450	964	7.9	85.2	1.9	N/A	-5.6
UEM Land Hldg	ULHB MK Equity	2.730	11,691	17.1	26.1	2.2	N/A	23.3
Building Materials								
Ann Joo	AJR MK Equity	1.260	626	0.3	N/A	0.6	2.8	155.4
Lafarge Malayan Cement	LMC MK Equity	9.910	8,454	5.4	24.3	2.7	3.7	-11.1
Malaysia Steel Works	MSW MK Equity	0.800	174	0.1	7.1	0.3	2.5	49.4
Tasek	TC MK Equity	15.480	1,875	0.3	20.5	2.0	7.1	-48.5
Transportation								
MMC Corp Bhd	MMC MK Equity	2.600	7,917	2.1	8.6	1.1	1.5	149.1
Plantation								
Felda Global Ven	FGV MK Equity	4.650	16,818	13.4	15.8	2.8	1.2	-42.5
Genting Plantati	GENP MK Equity	8.680	6,578	3.0	20.1	1.9	1.5	-9.5
IOI Corp Bhd	IOI MK Equity	4.690	30,347	18.6	14.6	2.3	3.3	29.7
Kim Loong Resour	KIML MK Equity	2.200	679	0.1	12.5	1.4	6.8	-25.8
Kluang Rubber Co	KLR MK Equity	3.010	182	0.0	16.2	0.4	0.5	-11.5
Kuala Lumpur Kep	KLK MK Equity	21.240	22,875	19.6	22.3	3.1	3.0	1.6
Kulim Malaysia	KUL MK Equity	3.610	4,591	6.9	5.4	1.2	27.3	16.5
Sime Darby	SIME MK Equity	9.260	55,828	70.8	15.2	2.2	3.8	19.5
TH Plantations	THP MK Equity	2.250	1,574	0.8	8.9	1.4	7.4	24.1
Tradewinds Plant	TWPB MK Equity	4.980	2,635	2.2	22.0	1.4	3.0	61.8
United Malacca	UMR MK Equity	7.290	1,497	0.3	20.9	1.4	3.6	-15.8
Construction								
ACPI	ACP MK Equity	0.240	56	0.0	N/A	0.4	4.1	16.9
AZRB	AZR MK Equity	0.730	201	0.2	10.1	1.0	N/A	18.9
Gadang	GADG MK Equity	0.630	122	0.4	4.9	0.5	3.2	17.4
Gamuda Bhd	GAM MK Equity	4.100	8,518	19.0	14.5	2.0	3.0	13.3
IJM Corp Bhd	IJM MK Equity	5.480	7,549	9.8	17.1	1.4	2.2	32.2
Mudajaya	MDJ MK Equity	2.380	1,292	1.3	5.5	1.2	3.8	-30.9
Sunway Bhd	SWB MK Equity	2.970	3,890	1.9	7.3	1.1	N/A	53.0
WCT Bhd	WCT MK Equity	2.400	2,509	5.0	6.1	1.2	2.8	39.8
Oil & Gas								
Dialog Group Bhd	DLG MK Equity	2.370	5,645	7.0	29.8	4.5	1.3	-20.6

Singapore	Bloomberg Code	Price (SGD)	Market Cap (SGD)	Avg Daily Turnover (SGD)	Hist. P/E (x)	Hist. P/B (x)	Hist. DY (%)	Hist. Gearing (%)
Capitaland Ltd	CAPL SP Equity	3.520	15,027	39.9	16.1	1.0	2.3	44.7
Rowsley Ltd	ROWS SP Equity	0.410	416	13.8	N/A	9.8	N/A	-28.3
Tat Hong Holdings Ltd	TAT SP Equity	1.535	979	1.4	14.1	1.3	2.0	63.4
Yongnam Holdings Ltd	YNH SP Equity	0.295	360	1.1	8.6	1.2	3.4	33.5

SOURCES: CIMB, COMPANY REPORTS

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Recommendation Framework #1 *

Stock

OUTPERFORM: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

UNDERPERFORM: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

Sector

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 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.

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 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 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, Korea 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

OUTPERFORM: Expected positive total returns of 10% or more over the next 12 months.

NEUTRAL: Expected total returns of between -10% and +10% over the next 12 months.

UNDERPERFORM: Expected negative total returns of 10% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 10% or more over the next 3 months.

TRADING SELL: Expected negative total returns of 10% or more over the next 3 months.

Sector

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: 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.

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: 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: 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 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 2011.

AAV – not available, **ADVANC** - Excellent, **AMATA** - Very Good, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent , **BAY** - Excellent , **BBL** - Excellent, **BCH** - Good, **BEC** - Very Good, **BECL** - Very Good, **BGH** - not available, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Very Good, **CCET** - Good, **CK** - Very Good, **CPALL** - Very Good, **CPF** - Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Very Good, **GLOBAL** - not available, **GLOW** - Very Good, **GRAMMY** – Excellent, **HANA** - Very Good, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** – Very Good, **ITD** - Good, **IVL** - Very Good, **JAS** – Very Good, **KAMART** – not available, **KBANK** - Excellent, **KK** – Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** - Very Good, **MCOT** - Excellent, **MINT** - Very Good, **PS** - Excellent, **PSL** - Excellent, **PTT** - Excellent, **PTTGC** - not available, **PTTEP** - Excellent, **QH** - Excellent, **RATCH** - Excellent, **ROBINS** - Excellent, **RS** – Excellent, **SC** – Excellent, **SCB** - Excellent, **SCC** - Excellent, **SCCC** - Very Good,

SIRI - Very Good, **SPALI** - Very Good, **STA** - Very Good, **STEC** - Very Good, **TCAP** - Very Good, **THAI** - Very Good, **THCOM** – Very Good, **TICON** – Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Very Good, **TUF** - Very Good, **WORK** – Good.