

# Sino Land

## High dividend yield and disciplined investment should warrant a tighter discount

### Sino Land interim FY15 earnings higher than consensus by 9%

Sino Land (Sino) reported H1 FY2015 net core earnings of HK\$1.7bn, down 31% YoY, or EPS of HK\$0.28. The earnings drop is attributed to the lack of disposal gain from commercial properties which amounted to HK\$0.9bn in H1 14. The results were better than consensus by 9% and UBSe by 7%. We attribute the earnings surprise to the better than expected development sales margins of 11.9%, against UBSe of 8%. Sino declared a flat interim DPS of HK\$0.12, representing a payout of 42% (vs H1 FY14's 29%) on core earnings.

### Organic rental growth and new contributions support higher dividend

Sino registered 6% YoY of organic rental growth for both of its office and retail properties in H1FY15. In addition, we expect the company to have 277k sqft of new retail space, a 4% expansion of its existing commercial property GFA. We believe the growing rental earnings should support higher dividend payments in the future.

### Confident about replenishing land in the near term

Sino still holds strong cash reserves, including net cash of HK\$9bn and sales receivable of HK\$6bn, and this should put it in a good position to take advantage of potential land replenishment opportunities. Nevertheless, the company intends to maintain its discipline when bidding for land to ensure reasonable margins. Management indicated that they intend maintaining their sales launch schedule for 2015, comprising of five projects mainly in HK and Kowloon, even if the government implements more measures to rein in the heated property market.

### Valuation: Currently trading at 44% NAV discount

We reiterate our Buy rating with a higher PT of HK\$14.57 (+0.7%) based on an unchanged target discount of 35% to NAV of HK\$22.4 (+0.7%). We favour Sino Land for its strong financials, steady and attractive yields of close to 4.0%, high sales lock-in for FY2015E but still trading at 44% NAV discount.

### Equities

Hong Kong  
Real Estate

12-month rating

**Buy**

12m price target

**HK\$14.57**
*Prior: HK\$14.46*

Price

**HK\$12.70**
**RIC:** 0083.HK **BBG:** 83 HK

### Trading data and key metrics

**52-wk range** HK\$14.08-10.28

**Market cap.** HK\$76.4bn/US\$9.85bn

**Shares o/s** 6,017m (ORD)

**Free float** 47%

**Avg. daily volume ('000)** 5,087

**Avg. daily value (m)** HK\$64.1

**Common s/h equity (06/15E)** HK\$113bn

**P/BV (06/15E)** 0.7x

### EPS (UBS, diluted) (HK\$)

	From	To	% ch	Cons.
<b>06/15E</b>	0.81	0.83	3.09	0.86
<b>06/16E</b>	0.85	0.87	1.51	0.90
<b>06/17E</b>	0.81	0.81	0.30	0.94

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Highlights (HK\$m)	06/12	06/13	06/14	06/15E	06/16E	06/17E	06/18E	06/19E
<b>Net rental income</b>	2,029	2,210	2,393	2,503	2,581	2,709	2,802	2,880
<b>EBITDA</b>	3,918	3,232	4,332	4,940	5,422	5,349	5,513	4,615
<b>EPS (UBS, HK\$)</b>	0.91	1.12	0.84	0.83	0.87	0.81	0.84	0.74
<b>DPS (HK\$)</b>	0.46	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>BVPS (basic, HK\$)</b>	16.03	17.24	18.18	18.71	19.08	19.39	19.73	19.97
<b>NAV per share (UBS, HK\$)</b>	16.03	21.31	21.48	22.41	22.41	22.41	22.41	22.41
Profitability/valuation	06/12	06/13	06/14	06/15E	06/16E	06/17E	06/18E	06/19E
<b>PE (UBS)</b>	12.6	11.9	13.2	15.2	14.7	15.6	15.1	17.2
<b>EPS (UBS) yield %</b>	7.9	8.4	7.6	6.6	6.8	6.4	6.6	5.8
<b>Net dividend yield %</b>	4.0	3.7	4.5	3.9	3.9	3.9	3.9	3.9
<b>Prem/(disc) to BVPS %</b>	(28.4)	(22.6)	(39.0)	(32.1)	(33.4)	(34.5)	(35.6)	(36.4)
<b>Prem/(disc) to NAV ps %</b>	(28.4)	(37.4)	(48.4)	(43.3)	(43.3)	(43.3)	(43.3)	(43.3)
<b>EV/EBITDA (UBS) x</b>	18.5	35.1	17.6	17.0	15.1	14.8	15.3	16.2

Source: Company accounts, Thomson Reuters, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of HK\$12.70 on 10 Feb 2015 22:38 HKT

# Investment Thesis

## Sino Land

### Investment case

Sino Land has the largest exposure to Hong Kong's residential market among its peers and is highly sensitive to changes in residential prices due to its relatively high-end products. Sino has been steadily growing its rental and other recurring earnings, which are expected to contribute ~50% of EBIT in 2014-16E. In addition, Sino maintained a steady dividend payment of HK\$0.50 in FY2014 and paid out more than 90% of its recurring earnings to investors. Our PT of HK\$14.57 is based on a target NAV discount of 35%.

### Upside scenario

We believe Sino's share price is mainly driven by HK economic conditions and government property policies, as it has the highest exposure to the HK market (87% in terms of its gross asset value) among the developers we cover. If the HK economy grows better than expected, we believe Sino's office and retail rentals could be 15% above our current assumptions. This would improve our NAV/share to HK\$23.9 and valuation to HK\$15.5.

### Downside scenario

Unfavourable government policies, mortgage rate hikes and a weakening Hong Kong economy are the major risks to the property market as well as Sino Land, in our view. If Hong Kong's residential prices and commercial rents are 15% below our current estimates, our NAV/share could decrease to HK\$19.0, and valuation would fall to HK\$11.5 based on a wider NAV discount of 40% (from 35%).

### Upcoming catalysts

Update on the sales of its upcoming HK primary launches; potential new land acquisitions in Hong Kong or China

12-month rating

**Buy**

12m price target

**HK\$14.57**

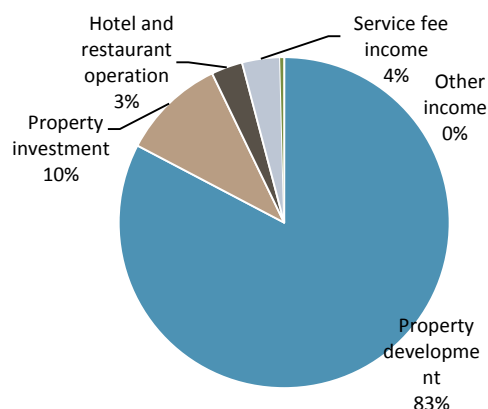
### Business description

Sino Land was founded in 1971 and is 51%-owned by Tsim Sha Tsui Properties. Sino is involved in property development, investment and management, and hotel operations and stock market investment.

### Industry outlook

We forecast HK re-sale market prices will reverse from growth of 8% YoY in 2014 to a decline of 5-10% YoY in 2015. This would bring end-2014 prices back to early 2012 levels. We project total property volumes to recover 28% YoY in 2014 after the 39% YoY decline in 2013. We note that BSD, SSD and DSD dampened market sentiment, particularly at the high end. Our Hong Kong economist expects retail sales to grow in the mid-single digits in 2015 after staying flat in 2014. Domestic consumption may slow, as declining residential prices would reverse the wealth effect. However, we expect more retailers to switch from street-level shops to shopping malls. Therefore, we forecast flat to +5% rental growth in 2015 for shopping malls in HK. Also, Sino's high exposure to local community malls should limit the impact of a slowdown in the high-end segment.

### Revenues by region (2015E)



Source: UBS estimates

### EBIT by product segment

	2013	2014	2015F	2016F	2017F
Property development	426	1,404	1,980	2,383	2,167
Property investment	2,210	2,393	2,431	2,546	2,673
Hotel	360	363	358	357	370
Management service	208	214	225	236	248
Share investment	62	107	113	118	124
Others	(513)	(489)	(503)	(518)	(534)
<b>Total</b>	<b>2,752</b>	<b>3,993</b>	<b>4,603</b>	<b>5,122</b>	<b>5,048</b>

Source: Company data, UBS estimates

## Project launch schedule for CY 2015

Sino Land expect to have about five brand new projects scheduled for sale in this calendar year, providing a total of 913 residential units (on an attributable basis). We expect the most imminent launched for the company will be Corinthia by the Sea (Tseung Kwan O) and Bontanica Bay (Lantau Island). In addition, the company also has remaining units at Dragons Range and projects in Pak Shek Kok for sale. We believe the company will actually have a sufficient sales pipeline for this year. We think that potential positive responses from the launches could be a key catalyst for Sino's share price.

**Figure 1: Upcoming launches**

Project	Location	Usage	Attri. GFA	Attri. Units	Consideration per unit	
			000 sqf		HK\$m	Expected launch
Corinthia by the Sea	Tseung Kwan O	Residential/Commercial	292	326	7.3	Q215
Lot1949 in DD221	Sai Kung	Residential	249	274	10	H215
Lot1180 in DD215	Sai Kung	Residential	174	270	7.1	H215
Botanica Bay	Lantau Island	Residential	41	16	32.5	post CNY
53 Conduit Road	Midlevels	Residential	60	27	47.8	Mid Year
<b>Total</b>			<b>816</b>	<b>913</b>	<b>9.7</b>	

Source: Company data, UBS estimates

## Property development earnings in H2FY15 largely locked-in

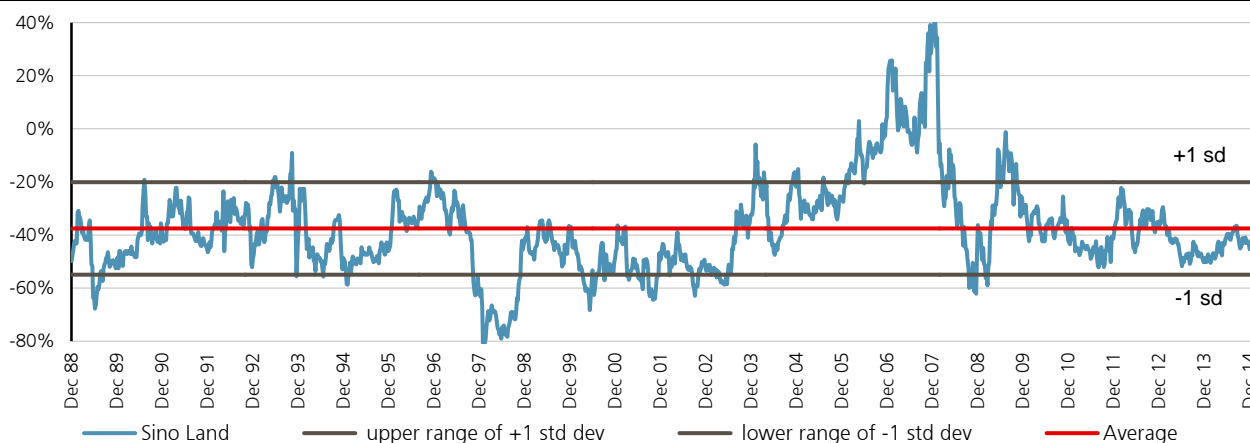
Sino's property development earnings are heavily skewed towards second half FY15. That said, we note that the projects scheduled for booking in the second half have already achieved 80%-94% sell-through rate as of end Dec 2014. The projects to be booked in second half are mainly Mayfair by the Sea I & II and Avenue Phase 2. We hence see limited earnings risk for the company for FY2015E.

**Figure 2: Sino Land's H115 results analysis**

	H1FY15A	H1FY15E	H1FY14A	Act v F/cast	YoY	H2FY15E
	HK\$m	HK\$m	HK\$m	(%)	(%)	HK\$m
Property sales	2,822	4,073	0	(31)	N/A	20,287
Property rental	1,417	1,459	1,365	(3)	4	1,486
Hotel and restaurant operation	468	423	439	11	7	456
Service fee income	531	509	489	4	9	501
Investments & Financing	32	34	32	(7)	(0)	76
<b>Total sales</b>	<b>5,269</b>	<b>6,499</b>	<b>2,325</b>	<b>(19)</b>	<b>127</b>	<b>22,806</b>
Property sales	331	281	(93)	18	(454)	1,649
Property rental	1,223	1,259	1,177	(3)	4	1,279
Hotel and restaurant operation	194	179	190	8	2	198
Service fee income	114	111	105	3	8	111
Investment & Financing	32	36	32	(12)	(0)	81
Less: unallocated corporate expense	(384)	(252)	(178)	52	116	(119)
<b>Total operating profit</b>	<b>1,510</b>	<b>1,614</b>	<b>1,233</b>	<b>(6)</b>	<b>22</b>	<b>3,198</b>
Net finance income/(cost)	125	33	75	279	68	(60)
Share of profit from associates	<b>338</b>	<b>307</b>	<b>416</b>	<b>10</b>	<b>(19)</b>	<b>243</b>
- sales	154	67	294	130	(48)	
- rental	368	346	319	6	15	
- hotel	64	51	49	26	30	
- others	(88)	(50)	(64.65)	76	36	
- finance cost	(83)	(30)	(70)	176	19	
- income tax	(77)	(77)	(112)	1	(31)	
One-off disposal gains	7	0	946	NA	(99)	495
Add revaluation	2,020	0	2,520	NA	(20)	-
<b>PBT</b>	<b>3,999</b>	<b>1,954</b>	<b>5,189</b>	<b>105</b>	<b>(23)</b>	<b>3,877</b>
Total Taxation	(266)	(329)	(167)	(19)	60	(522)
Minority interest	0	(19)	(21)	(101)	(101)	(39)
<b>Net profit</b>	<b>3,733</b>	<b>1,606</b>	<b>5,001</b>	<b>132</b>	<b>(25)</b>	<b>3,317</b>
Recurring profit	<b>1,714</b>	<b>1,606</b>	<b>2,481</b>	<b>7</b>	<b>(31)</b>	<b>3,317</b>
EPS (HK\$)	0.62	0.27	0.84	131	(26)	0.55
Recurring EPS (HK\$)	<b>0.28</b>	<b>0.27</b>	<b>0.42</b>	<b>6</b>	<b>(32)</b>	<b>0.55</b>
Interim DPS (HK\$)	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	-	-	0.38
Payout ratio	19%	45%	14%			
Payout ratio on recurring earnings	42%	45%	29%			

Source: Company data, UBS estimates

**Figure 3: Sino Land's historical discount to NAV**



Source: Datastream, UBS estimates

**Figure 4: Sino Land's NAV breakdown**

	NAV (HK\$m)	NAV/share (HK\$)	% of FD NAV	Assumptions
<b>HK development properties</b>				
Mass residential	3,282	0.5	2.5%	DCF @ 10.8%
Luxury residential	18,172	3.0	14.0%	DCF @ 10.8%
Office	1,161	0.2	0.9%	DCF @ 10.8%
<b>HK investment properties</b>				
Residential	2,079	0.3	1.6%	
Retail	61,112	10.1	47.2%	
Office	18,986	3.1	14.7%	
Industrial	2,869	0.5	2.2%	
Carparks	991	0.2	0.8%	
China development properties	9,844	1.6	7.6%	
China investment properties	3,401	0.6	2.6%	
Overseas investment properties	1,037	0.2	0.8%	
Hotel	5,023	0.8	3.9%	
Listed investment	1,564	0.3	1.2%	
Net cash/(debt)	6,372	1.1		FY14 net debt + asso. Debt
<b>Net asset value (HK\$m)</b>	<b>135,893</b>	<b>22.4</b>		

Source: UBS estimates

## Sino Land (0083.HK)

	06/12	06/13	06/14	06/15E	% ch	06/16E	% ch	06/17E	06/18E	06/19E
<b>Income statement (HK\$m)</b>										
Net rental income	2,029	2,210	2,393	2,503	4.6	2,581	3.1	2,709	2,802	2,880
Investment income	66	62	107	113	5.0	118	5.0	124	130	137
Trading income	1,706	426	1,404	1,980	41.0	2,383	20.4	2,167	2,228	1,247
Associates and other income	1,381	4,556	1,757	1,463	-16.7	1,917	31.0	1,597	1,579	1,671
<b>Total income</b>	<b>5,182</b>	<b>7,254</b>	<b>5,661</b>	<b>6,058</b>	<b>7.0</b>	<b>6,999</b>	<b>15.5</b>	<b>6,597</b>	<b>6,739</b>	<b>5,935</b>
Interest payable	(219)	(267)	(253)	(240)	5.1	(230)	4.5	(205)	(174)	(145)
Admin and other	76	(435)	(410)	(425)	-3.6	(440)	-3.6	(456)	(472)	(488)
<b>Revenue surplus / recurring income</b>	<b>5,039</b>	<b>6,552</b>	<b>4,998</b>	<b>5,393</b>	<b>7.9</b>	<b>6,330</b>	<b>17.4</b>	<b>5,937</b>	<b>6,093</b>	<b>5,302</b>
Interest capitalised	87	41	20	40	7.9	24	17.4	20	21	10
Depreciation & amortisation	(76)	(78)	(78)	(78)	0.6	(78)	0.0	(78)	(78)	(78)
Pre-exceptional provisions	835	622	1,268	502	-60.4	0	-	0	0	0
<b>Profit before tax (UBS)</b>	<b>5,885</b>	<b>7,137</b>	<b>6,208</b>	<b>5,857</b>	<b>-5.7</b>	<b>6,276</b>	<b>7.2</b>	<b>5,879</b>	<b>6,036</b>	<b>5,234</b>
Exceptionals	5,362	5,051	3,899	2,020	-48.20	0	-	0	0	0
<b>Profit before tax</b>	<b>11,247</b>	<b>12,188</b>	<b>10,107</b>	<b>7,876</b>	<b>-22.1</b>	<b>6,276</b>	<b>-20.3</b>	<b>5,879</b>	<b>6,036</b>	<b>5,234</b>
Tax	(504)	(345)	(1,150)	(768)	33.3	(867)	-13.0	(860)	(893)	(749)
<b>Profit after tax</b>	<b>10,743</b>	<b>11,843</b>	<b>8,957</b>	<b>7,109</b>	<b>-20.6</b>	<b>5,408</b>	<b>-23.9</b>	<b>5,019</b>	<b>5,143</b>	<b>4,485</b>
Minorities	(71)	(156)	(36)	(58)	-62.4	(157)	-168.4	(89)	(35)	(36)
Preference dividends	0	0	0	0	-	0	-	0	0	0
Extraordinary items (post-tax)	0	0	0	0	-	0	-	0	0	0
<b>Net earnings (local GAAP)</b>	<b>10,673</b>	<b>11,687</b>	<b>8,921</b>	<b>7,050</b>	<b>-21.0</b>	<b>5,251</b>	<b>-25.5</b>	<b>4,930</b>	<b>5,108</b>	<b>4,449</b>
Tax rate (UBS) (%)	8.6	4.8	18.5	13.1	-29.3	13.8	5.4	14.6	14.8	14.3
<b>EBITDA</b>	<b>3,918</b>	<b>3,232</b>	<b>4,332</b>	<b>4,940</b>	<b>19.8</b>	<b>5,422</b>	<b>11.5</b>	<b>5,349</b>	<b>5,513</b>	<b>4,615</b>
<b>EBIT</b>	<b>5,390</b>	<b>3,373</b>	<b>5,045</b>	<b>5,250</b>	<b>4.1</b>	<b>5,198</b>	<b>-1.0</b>	<b>5,118</b>	<b>5,284</b>	<b>4,537</b>
<b>Per share (HK\$)</b>										
EPS (UBS)	0.91	1.12	0.84	0.83	-0.9	0.87	4.0	0.81	0.84	0.74
Net DPS (HK\$)	0.46	0.50	0.50	0.50	0.0	0.50	0.0	0.50	0.50	0.50
BVPS (basic)	16.03	17.24	18.18	18.71	2.9	19.08	2.0	19.39	19.73	19.97
NAV per share	16.03	21.31	21.48	22.41	4.3	22.41	0.0	22.41	22.41	22.41
Cash EPS (UBS)	0.76	1.02	0.64	0.76	18.5	0.87	15.7	0.82	0.85	0.75
Average shares	5,855	5,929	5,975	6,040	1.1	6,064	0.4	6,064	6,064	6,016
<b>Balance sheet (HK\$m)</b>										
Investment properties (book value)	51,644	54,611	56,281	58,223	3.4	58,144	-0.1	58,066	57,988	57,909
Development properties (book value)	0	0	0	0	-	0	-	0	0	0
Other fixed assets	27,281	33,877	33,900	34,376	1.4	35,289	2.7	35,851	36,371	36,960
<b>Total fixed assets (book value)</b>	<b>78,925</b>	<b>88,487</b>	<b>90,181</b>	<b>92,598</b>	<b>2.7</b>	<b>93,433</b>	<b>0.9</b>	<b>93,917</b>	<b>94,358</b>	<b>94,869</b>
Trading properties (book value)	23,389	26,544	29,502	39,146	32.7	41,776	6.7	43,843	46,074	47,729
Cash & deposits	5,722	11,943	14,412	15,328	6.4	16,911	10.3	18,693	13,023	23,047
Other current assets	6,237	2,289	2,833	2,833	0.0	2,833	0.0	2,833	2,833	2,833
<b>Total assets (book value)</b>	<b>114,272</b>	<b>129,263</b>	<b>136,929</b>	<b>149,905</b>	<b>9.5</b>	<b>154,954</b>	<b>3.4</b>	<b>159,286</b>	<b>156,288</b>	<b>168,478</b>
Debt	(9,671)	(10,193)	(8,040)	(7,980)	0.7	(7,321)	8.3	(6,325)	(5,294)	(4,353)
Other liabilities	(8,994)	(15,359)	(18,225)	(27,179)	-49.1	(30,667)	-12.8	(34,097)	(30,053)	(41,767)
Preference shares	0	0	0	0	-	0	-	0	0	0
Minority interests	(822)	(1,179)	(1,284)	(1,284)	0.0	(1,284)	0.0	(1,284)	(1,284)	(1,284)
<b>Shareholders equity / NTA</b>	<b>94,786</b>	<b>102,533</b>	<b>109,379</b>	<b>113,463</b>	<b>3.73</b>	<b>115,682</b>	<b>1.96</b>	<b>117,580</b>	<b>119,657</b>	<b>121,074</b>
Surpluses over book value (UBS)	0	0	0	0	-	0	-	0	0	0
<b>S/h equity / NTA (basic)</b>	<b>94,786</b>	<b>102,533</b>	<b>109,379</b>	<b>113,463</b>	<b>3.73</b>	<b>115,682</b>	<b>1.96</b>	<b>117,580</b>	<b>119,657</b>	<b>121,074</b>
<b>S/h equity / NTA (diluted)</b>	<b>94,786</b>	<b>102,533</b>	<b>109,379</b>	<b>113,463</b>	<b>3.7</b>	<b>115,682</b>	<b>2.0</b>	<b>117,580</b>	<b>119,657</b>	<b>121,074</b>
<b>Cash flow (HK\$m)</b>										
EBIT	5,390	3,373	5,045	5,250	4.1	5,198	-1.0	5,118	5,284	4,537
Depreciation & amortisation	76	78	78	78	0.6	78	0.0	78	78	78
Net change in working capital	78	(684)	(1,592)	(402)	74.7	779	-	1,369	(6,300)	10,174
Net interest	(20)	(18)	(34)	46	-	27	-40.7	(6)	26	156
Tax paid	(497)	(497)	(823)	(1,201)	-46.0	(804)	33.1	(866)	(866)	(864)
Other (operating)	(770)	(732)	(1,473)	0	-	0	-	0	0	0
<b>Operating cash flow</b>	<b>4,257</b>	<b>1,520</b>	<b>1,201</b>	<b>3,771</b>	<b>213.9</b>	<b>5,279</b>	<b>40.0</b>	<b>5,694</b>	<b>(1,778)</b>	<b>14,082</b>
Net (acquisitions) / capex	1,850	1,796	2,791	0	-	0	-	0	0	0
Dividends paid	(1,167)	(2,341)	(2,276)	(2,928)	-28.6	(3,175)	-8.4	(3,121)	(3,067)	(3,068)
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Net other cash flows	(2,516)	4,724	2,831	153	-94.6	106	-31.0	106	106	106
<b>Cash flow (inc)/dec in net debt</b>	<b>2,423</b>	<b>5,699</b>	<b>4,547</b>	<b>996</b>	<b>-78.1</b>	<b>2,210</b>	<b>121.9</b>	<b>2,679</b>	<b>(4,740)</b>	<b>11,119</b>
<b>Net (debt) / cash</b>	<b>(3,949)</b>	<b>1,750</b>	<b>6,372</b>	<b>7,348</b>	<b>15.32</b>	<b>9,590</b>	<b>30.51</b>	<b>12,368</b>	<b>7,729</b>	<b>18,694</b>

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

## Sino Land (0083.HK)

Valuation	06/12	06/13	06/14	06/15E	06/16E	06/17E	06/18E	06/19E
PE (UBS) x	12.6	11.9	13.2	15.2	14.7	15.6	15.1	17.2
EV/EBIT (core) x	18.9	36.4	18.1	17.4	15.3	15.0	15.6	16.6
EV/EBITDA (core) x	18.5	35.1	17.6	17.0	15.1	14.8	15.3	16.2
P/CEPS (UBS) x	15.0	13.1	17.4	16.8	14.5	15.4	14.9	16.9
CEPS yield (UBS) %	6.6	7.7	5.8	6.0	6.9	6.5	6.7	5.9
Net dividend yield %	4.0	3.7	4.5	3.9	3.9	3.9	3.9	3.9
Net property yield %	5.5	5.7	5.8	5.8	5.2	5.5	5.7	5.8
BVPS (basic, HK\$)	16.03	17.24	18.18	18.71	19.08	19.39	19.73	19.97
NAV per share (HK\$)	16.03	21.31	21.48	22.41	22.41	22.41	22.41	22.41
Prem/(disc) to BVPS %	(28.4)	(22.6)	(39.0)	(32.1)	(33.4)	(34.5)	(35.6)	(36.4)
Prem/(disc) to NAV per share %	(28.4)	(37.4)	(48.4)	(43.3)	(43.3)	(43.3)	(43.3)	(43.3)
<b>Enterprise value (HK\$m)</b>	<b>06/12</b>	<b>06/13</b>	<b>06/14</b>	<b>06/15E</b>	<b>06/16E</b>	<b>06/17E</b>	<b>06/18E</b>	<b>06/19E</b>
Market cap.	66,552	78,853	66,105	76,412	76,412	76,412	76,412	76,412
Net debt (cash)	3,949	(1,750)	(6,372)	(7,348)	(9,590)	(12,368)	(7,729)	(18,694)
Buy out of minorities	71	156	36	58	1,284	1,284	1,284	1,284
Pension obligations/other	0	0	0	0	0	0	0	0
<b>Total enterprise value</b>	<b>70,571</b>	<b>77,259</b>	<b>59,769</b>	<b>69,122</b>	<b>68,106</b>	<b>65,328</b>	<b>69,967</b>	<b>59,002</b>
Non core assets	0	0	0	0	0	0	0	0
<b>Core enterprise value</b>	<b>70,571</b>	<b>77,259</b>	<b>59,769</b>	<b>69,122</b>	<b>68,106</b>	<b>65,328</b>	<b>69,967</b>	<b>59,002</b>
<b>Growth (%)</b>	<b>06/12</b>	<b>06/13</b>	<b>06/14</b>	<b>06/15E</b>	<b>06/16E</b>	<b>06/17E</b>	<b>06/18E</b>	<b>06/19E</b>
Recurring income (UBS, pre-tax)	(0.5)	30.0	(23.7)	7.9	17.4	(6.2)	2.6	(13.0)
CEPS (UBS)	(2.4)	33.8	(37.5)	18.5	15.7	(6.0)	3.6	(11.9)
BVPS (basic)	15.4	7.5	5.5	2.9	2.0	1.6	1.8	1.2
NAV per share	4.9	32.9	0.8	4.3	0.0	0.0	0.0	0.0
EBITDA (core)	81.7	(42.3)	53.9	19.8	11.5	(2.3)	3.1	(20.2)
DPS	12.4	8.7	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profitability</b>	<b>06/12</b>	<b>06/13</b>	<b>06/14</b>	<b>06/15E</b>	<b>06/16E</b>	<b>06/17E</b>	<b>06/18E</b>	<b>06/19E</b>
ROE %	6.1	6.7	4.7	4.5	4.6	4.2	4.3	3.7
Interest cover x	27.5	27.6	25.4	25.2	28.2	29.6	35.5	37.1
Dividend cover x	4.7	4.1	3.0	2.3	1.7	1.6	1.7	1.5
Cash earnings (UBS) dividend cover x	1.7	2.0	1.3	1.5	1.7	1.6	1.7	1.5
<b>Productivity (%)</b>	<b>06/12</b>	<b>06/13</b>	<b>06/14</b>	<b>06/15E</b>	<b>06/16E</b>	<b>06/17E</b>	<b>06/18E</b>	<b>06/19E</b>
Pre-exceptional tax rate	8.6	4.8	18.5	13.1	13.8	14.6	14.8	14.3
Net debt/revalued net assets	4	(2)	(6)	(6)	(8)	(11)	(6)	(15)
Net debt/(revalued gross assets-cash)	4	(1)	(5)	(5)	(7)	(9)	(5)	(13)
Net debt/EV	5.6	(2.3)	(10.7)	(10.6)	(14.1)	(18.9)	(11.0)	(31.7)
EBITDA/interest expense x	17.9	12.1	17.1	20.6	23.6	26.1	31.6	31.9
Net debt/EBITDA x	1.0	(0.5)	(1.5)	(1.5)	(1.8)	(2.3)	(1.4)	(4.1)
<b>Investment properties by location %</b>	<b>06/12</b>	<b>06/13</b>	<b>06/14</b>	<b>06/15E</b>	<b>06/16E</b>	<b>06/17E</b>	<b>06/18E</b>	<b>06/19E</b>
Japan	-	-	-	-	-	-	-	-
Asia (including Australia)	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-	-
South America	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investment properties by sector %</b>	<b>06/12</b>	<b>06/13</b>	<b>06/14</b>	<b>06/15E</b>	<b>06/16E</b>	<b>06/17E</b>	<b>06/18E</b>	<b>06/19E</b>
Offices	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-
Industrials	-	-	-	-	-	-	-	-
Hotels	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total commercial</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Residential	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

**Forecast returns**

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Forecast price appreciation	+14.7%
Forecast dividend yield	3.9%
Forecast stock return	+18.6%
Market return assumption	6.7%
Forecast excess return	+11.9%

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**Statement of Risk**

Our forecasts for Sino Land are subject to the global and local economic environment, fluctuations in the property market and policy changes in Hong Kong and China. Sales and earnings are subject to project booking schedules determined by the management. Sino's EPS is highly sensitive to residential price changes, with +/-10% changes in residential prices resulting in +/-5.9% changes in FY12 EPS, all else remaining equal.



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Buy	FSR is > 6% above the MRA.	47%	37%
Neutral	FSR is between -6% and 6% of the MRA.	42%	32%
Sell	FSR is > 6% below the MRA.	11%	21%
Short-Term Rating	Definition	Coverage <sup>3</sup>	IB Services <sup>4</sup>
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%

Source: UBS. Rating allocations are as of 31 December 2014.

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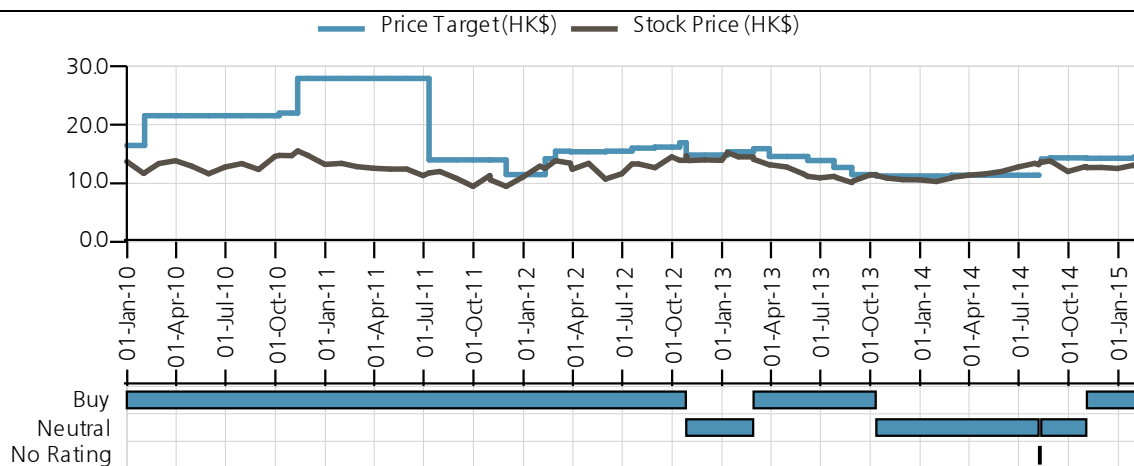
Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
<b>Sino Land</b>	0083.HK	Buy	N/A	HK\$12.70	10 Feb 2015

Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

### Sino Land (HK\$)



Source: UBS; as of 10 Feb 2015

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