



Rating
Sell

Asia
China

Property
Property

Company
Agile Property

Reuters 3383.HK	Bloomberg 3383 HK	Exchange HKG	Ticker 3383
ADR Ticker AGPYY	ISIN US00848C1099		

Date
26 March 2015

Results

Price at 25 Mar 2015 (HKD)	4.51
Price target - 12mth (HKD)	3.55
52-week range (HKD)	6.99 - 3.80
HANG SENG INDEX	24,400

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FY14 results miss; growth worries persist; maintaining Sell

Maintain Sell on soft growth prospects; raising target price to HK\$3.55

We reiterate our Sell rating on Agile following weak FY14 results, where core profit fell by 11% YoY and 9% below our expectation on markedly lower profitability. Meanwhile, management remains cautious on 2015 outlook with margins likely to see further compression and a focus for the year is to reduce overheads in light of the challenging operating environment. On the other hand, effective net gearing remains high at 97% and short-term liquidity stays tight with Rmb16.5bn debt maturing in the next 12 months (vs. unrestricted cash of Rmb6bn by end-14). In our view, Agile will be under financial pressure over the near term that earnings growth will remain below industry-average.

Core profit -11% YoY to Rmb3,929mn, 9% below our expectation

Agile reported FY14 core net profit -11% YoY to Rmb3,929mn, while FY14 revenue was up 8% YoY to Rmb38,318mn, on a 32% YoY increase in GFA delivery to 4.59mn sqm and a 17% YoY decline in delivery ASP to Rmb9,625/sqm. Gross margin saw a compression to 32.4% in FY14 (vs. 35.4% in 1H14 and 35.6% in FY13). Core net margin compressed to 10.3% in FY14 (vs. 10.1% in 1H14 and 12.4% in FY13) on higher SG&A. A final dividend of HK\$0.25/shr was declared (-24% YoY), bringing the full year dividend to HK\$0.395/shr (-17% YoY).

Net gearing rose to 75% or 97% adjusted for perpetual securities as debt

As of end-14, Agile has gross debt of Rmb42,322mn, up 7% YoY or Rmb46,805mn by including perpetual securities as debt (up 6% from end-13) and total cash balance of Rmb11,430mn (down 13% from end-13), implying a net debt position of Rmb30,892mn or Rmb35,375mn with perpetual securities treated as debt. Reported net gearing rose to 75% from 72% by end-13. However, if we adjust for perpetual securities from equity to debt, effective net gearing would have increased to 97% (vs. 96% by end-13).

Target price at a 70% discount to our revised NAV estimate of HK\$11.84/share

Our target price is based on a 70% discount (75%) to our revised NAV estimate of HK\$11.84/shr (HK\$13.2/shr). Our revised target discount factors in the slow earnings growth profile while management risk is somewhat relieved following the Chairman's release from the detention, which we believe is appropriate. Key risks: Government policy loosening; recovery in housing demand.

Forecasts And Ratios

Year End Dec 31	2013A	2014A	2015E	2016E	2017E
Sales (CNYm)	35,436.4	38,317.6	38,355.9	39,326.1	39,884.2
EBITDA(CNYm)	9,801.5	9,789.1	8,191.3	8,150.4	8,591.4
Reported NPAT(CNYm)	4,826.9	4,287.0	3,746.3	3,726.3	4,001.0
DB EPS FD (CNY)	1.28	1.12	0.96	0.96	1.03
OLD DB EPS FD (CNY)	1.28	1.25	1.29	1.31	-
% Change	0.0%	-10.5%	-25.8%	-27.0%	-
PER (x)	5.7	4.1	3.8	3.8	3.5
DPS (net) (CNY)	0.48	0.40	0.35	0.35	0.35
Yield (net) (%)	6.5	8.5	9.6	9.7	9.8

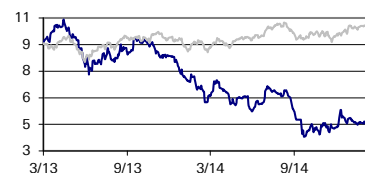
Source: Deutsche Bank estimates, company data

Key changes

Price target	3.30 to 3.55	↑	7.6%
Sales (FYE)	39,445 to 38,356	↓	-2.8%
Op prof margin(FYE)	25.4 to 21.4	↓	-16.0%
Net profit(FYE)	4,487.6 to 3,746.3	↓	-16.5%

Source: Deutsche Bank

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-0.9	4.4	-26.2
HANG SENG INDEX	-1.5	4.5	12.3

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

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Model updated: 25 March 2015

Fiscal year end 31-Dec

2013 2014 2015E 2016E 2017E

Running the numbers

Asia
China
Property

Agile Property

Reuters: 3383.HK Bloomberg: 3383.HK

Sell

Price (25 Mar 15) HKD 4.51
Target Price HKD 3.55
52 Week range HKD 3.80 - 6.99
Market Cap (m) HKDm 15,632
USDm 2,016

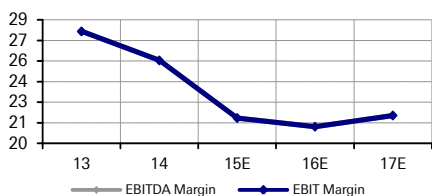
Company Profile

Agile Property Holdings Limited develops properties in the Guangdong province, Peoples Republic of China. The Company primarily develops large-scale property projects, including villas, condominiums, duplexes, and apartments.

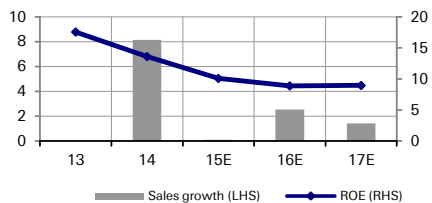
Price Performance



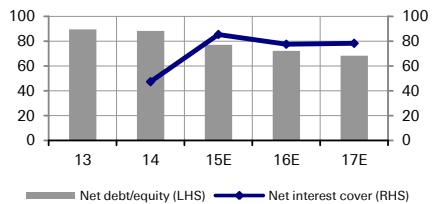
Margin Trends



Growth & Profitability



Solvency



Financial Summary

DB EPS (CNY)	1.28	1.12	0.96	0.96	1.03
Reported EPS (CNY)	1.40	1.22	0.96	0.96	1.03
DPS (CNY)	0.48	0.40	0.35	0.35	0.35
BVPS (CNY)	8.5	8.6	10.4	11.1	11.8
Weighted average shares (m)	3,448	3,508	3,901	3,901	3,901
Average market cap (CNYm)	25,091	16,235	12,510	12,510	12,510
Enterprise value (CNYm)	63,911	56,642	55,455	56,841	58,034

Valuation Metrics

P/E (DB) (x)	5.7	4.1	3.8	3.8	3.5
P/E (Reported) (x)	5.2	3.8	3.8	3.8	3.5
P/BV (x)	0.78	0.41	0.35	0.33	0.31
FCF Yield (%)	nm	nm	nm	13.7	16.3
Dividend Yield (%)	6.5	8.5	9.6	9.7	9.8
EV/Sales (x)	1.8	1.5	1.4	1.4	1.5
EV/EBITDA (x)	6.5	5.8	6.8	7.0	6.8
EV/EBIT (x)	6.5	5.8	6.8	7.0	6.8

Income Statement (CNYm)

Sales revenue	35,436	38,318	38,356	39,326	39,884
Gross profit	12,615	12,431	11,452	11,513	12,021
EBITDA	9,801	9,789	8,191	8,150	8,591
Depreciation	0	0	0	0	0
Amortisation	0	0	0	0	0
EBIT	9,801	9,789	8,191	8,150	8,591
Net interest income/(expense)	587	-207	-96	-105	-110
Associates/affiliates	-52	-73	511	652	582
Exceptionals/extraordinaries	376	616	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0
Profit before tax	10,765	10,198	8,095	8,045	8,482
Income tax expense	4,850	5,035	3,585	3,505	3,863
Minorities	1,035	804	1,275	1,466	1,200
Other post-tax income/(expense)	0	0	0	0	0
Net profit	4,827	4,287	3,746	3,726	4,001
DB adjustments (including dilution)	-427	-358	0	0	0
DB Net profit	4,400	3,929	3,746	3,726	4,001

Cash Flow (CNYm)

Cash flow from operations	-4,349	-18,575	-7,363	1,931	2,302
Net Capex	-4,000	-4,000	-567	0	0
Free cash flow	-8,349	-22,575	-7,930	1,931	2,302
Equity raised/(bought back)	0	1,323	0	0	0
Dividends paid	-1,074	-1,074	-352	-1,209	-1,134
Net inc/(dec) in borrowings	12,181	4,192	0	1,403	1,475
Other investing/financing cash flows	-1,723	17,370	8,282	-1,294	-1,743
Net cash flow	1,035	-763	0	831	900
Change in working capital	0	0	0	0	0

Balance Sheet (CNYm)

Cash and other liquid assets	6,784	6,068	6,021	6,852	7,752
Tangible fixed assets	6,476	7,696	7,696	7,696	7,696
Goodwill/intangible assets	18,700	11,951	12,518	12,518	12,518
Associates/investments	1,088	3,291	3,802	4,455	5,037
Other assets	81,486	94,642	101,598	113,920	125,546
Total assets	114,535	123,648	131,635	145,440	158,550
Interest bearing debt	39,492	42,322	44,049	45,452	46,927
Other liabilities	38,476	40,231	38,233	46,578	54,156
Total liabilities	77,968	82,553	82,282	92,030	101,083
Shareholders' equity	29,366	33,651	40,634	43,224	46,081
Minorities	7,201	7,444	8,719	10,186	11,386
Total shareholders' equity	36,567	41,095	49,354	53,410	57,467
Net debt	32,708	36,254	38,028	38,600	39,175

Key Company Metrics

Sales growth (%)	nm	8.1	0.1	2.5	1.4
DB EPS growth (%)	na	-12.2	-14.3	-0.5	7.4
EBITDA Margin (%)	27.7	25.5	21.4	20.7	21.5
EBIT Margin (%)	27.7	25.5	21.4	20.7	21.5
Payout ratio (%)	33.9	32.3	36.0	36.6	34.3
ROE (%)	17.6	13.6	10.1	8.9	9.0
Capex/sales (%)	11.3	10.4	1.5	0.0	0.0
Capex/depreciation (x)	nm	nm	nm	nm	nm
Net debt/equity (%)	89.4	88.2	77.1	72.3	68.2
Net interest cover (x)	nm	47.4	85.4	77.6	78.3

Source: Company data, Deutsche Bank estimates



Investment thesis

Outlook

We maintain our Sell rating on Agile with a target price of HK\$3.55. While the Chairman was already released from the detention by the Kunming City People's Procuratorate, its soft fundamentals have yet to see a turnaround. In particular, due to its higher exposure on non-primary residential products, contracted sales performance has lagged peers over the past two years and by missing its FY14 contracted sales target, it would translate into slower earnings growth and remain below industry average ahead, in our view.

On the other hand, near-term liquidity remains tight on the back of the higher portion of debt maturing in the next 12 months (39% vs. industry average at 20%). Agile needs to boost its cash collection rate so as to avoid potential liquidity problem. Moreover, material improvement in contracted sales performance is needed for Agile to see a turnaround.

Valuation

Our target price is based on a 70% discount (75%) to our revised NAV estimate of HK\$11.84/shr (HK\$13.2/shr). Our revised target discount (one of the largest target discounts adopted among our coverage universe) factors in the slow earnings growth profile while management risk is somewhat relieved following the Chairman's release from the detention, which we believe is appropriate. Key risks: Government policy loosening; recovery in housing demand

Risks

- Stronger demand for non-primary residence - About 25% of the landbank is tourism-related and of non-primary residence in nature. Demand for such property may be vulnerable during economic downturns. However, with the recent mortgage relaxation announced by the PBOC, demand for non-primary residence may well be stronger than our current projection and Agile will be a key beneficiary.
- Stronger-than-expected response from upcoming launches - On the back of the launch pipeline being heavily skewed towards 4Q (80% in 2H by GFA), contracted sales momentum is likely to pick up in coming months. With the low expectation among investors, success of upcoming launches may well bring an upside surprise.



FY14 miss on markedly lower profit margins

Core net profit -11% YoY to Rmb3,929mn

Agile reported FY14 core net profit -11% YoY to Rmb3,929mn, while FY14 revenue was up 8% YoY to Rmb38,318mn, on a 32% YoY increase in GFA delivery to 4.59mn sqm and a 17% YoY decline in delivery ASP to Rmb9,625/sqm. Gross margin saw a compression to 32.4% in FY14 (vs. 35.4% in 1H14 and 35.6% in FY13). Core net margin compressed to 10.3% in FY14 (vs. 10.1% in 1H14 and 12.4% in FY13) on higher SG&A. A final dividend of HK\$0.25/shr was declared (-24% YoY), bringing the full year dividend to HK\$0.395/shr (-17% YoY).

Figure 1: Agile – Financial highlights

In RMB mn	2013	% of revenue	2014	% of revenue	YoY Change
Revenue (RMB mn)	35,436	100.00%	38,318	100.0%	8.1%
Revenue from property development (RMB mn)	34,467	97.30%	37,037	96.7%	7.5%
Revenue from property management, hotel operations & property investment (RMB mn)	969	2.70%	1,281	3.3%	32.1%
Gross profit (RMB mn)	12,615	35.60%	12,431	32.4%	-1.5%
Profit for the year (RMB mn)	5,862	16.50%	5,091	13.3%	-13.2%
Profit attributable to shareholders (RMB mn)	4,827	13.60%	4,287	11.2%	-11.2%
Core profit attributable to shareholders* (RMB mn)	4,400	12.40%	3,929	10.3%	-10.7%
Basic earnings per share (RMB)	1.4	-	1.222	-	-12.7%
Proposed final dividend per share (HK cents)	33	-	25	-	-24.2%
Proposed FY dividend per share (HK cents)	47.5	-	39.5	-	-16.8%

Source: Company

Figure 2: Agile – Balance sheet and key financial ratios

In RMB mn	Dec 31, 2013	Dec 31, 2014
Cash and bank balances	13,033	11,430
Total debts	39,492	42,322
Net debt	26,459	30,892
Total assets	114,535	123,648
Shareholders' equity	29,366	33,651
Total equity	36,567	41,095
Net debt to total equity ratio	72.40%	75.20%
Current ratio (times)	1.7	1.7

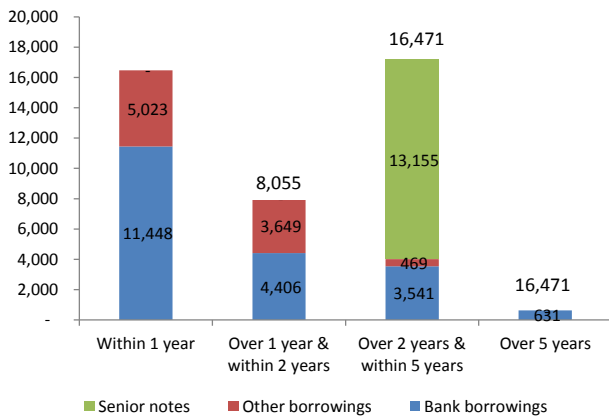
Source: Company



Net gearing rose to 75% or 97% adjusted for perpetual securities as debt

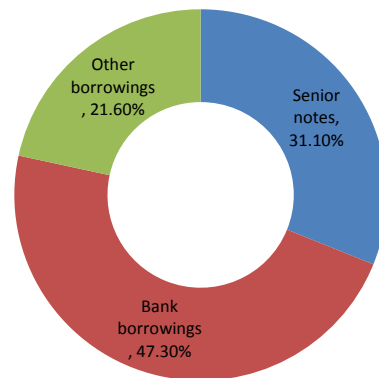
As of end-14, Agile had gross debt of Rmb42,322mn, up 7% YoY or Rmb46,805mn when including perpetual securities as debt (up 6% from end-13) and total cash balance of Rmb11,430mn (down 13% from end-13), implying a net debt position of Rmb30,892mn or Rmb35,375mn with perpetual securities treated as debt. Reported net gearing rose to 75% from 72% by end-13. However, if we adjust for perpetual securities from equity to debt, effective net gearing would have increased to 97% (vs. 96% by end-13).

Figure 3: Agile – Debt Maturity



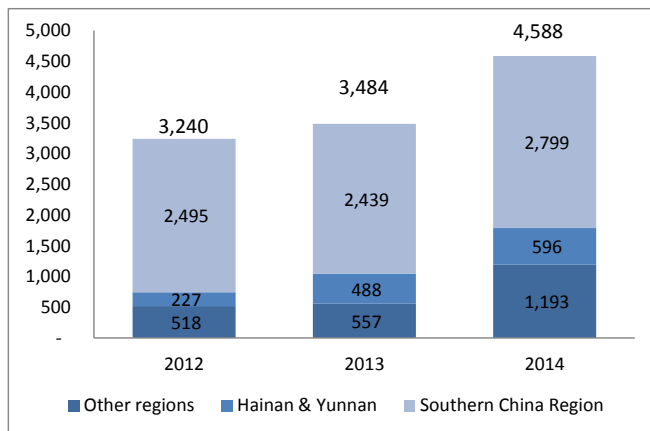
Source: Company

Figure 4: Agile – Debt Composition



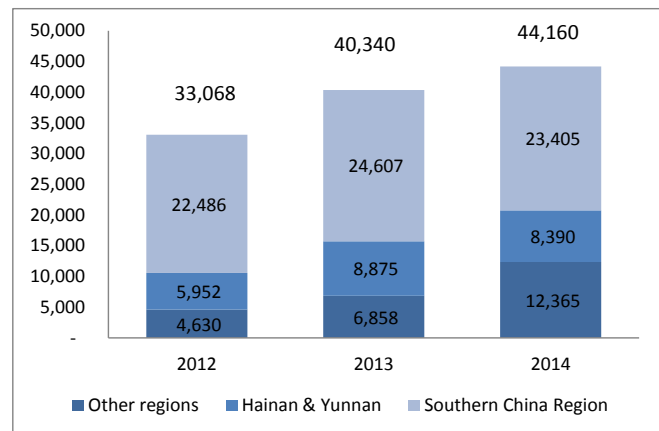
Source: Company

Figure 5: Agile – GFA Pre-Sold ('000 sqm)



Source: Company

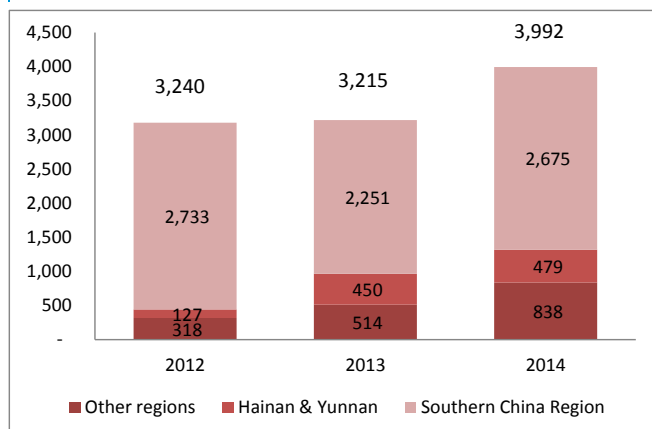
Figure 6: Agile – Pre-Sales (RMB mn)



Source: Company

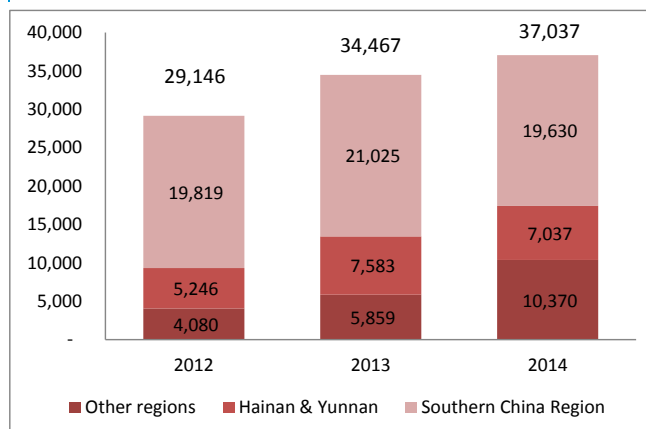


Figure 7: Agile – Recognized GFA Sold ('000 sqm)



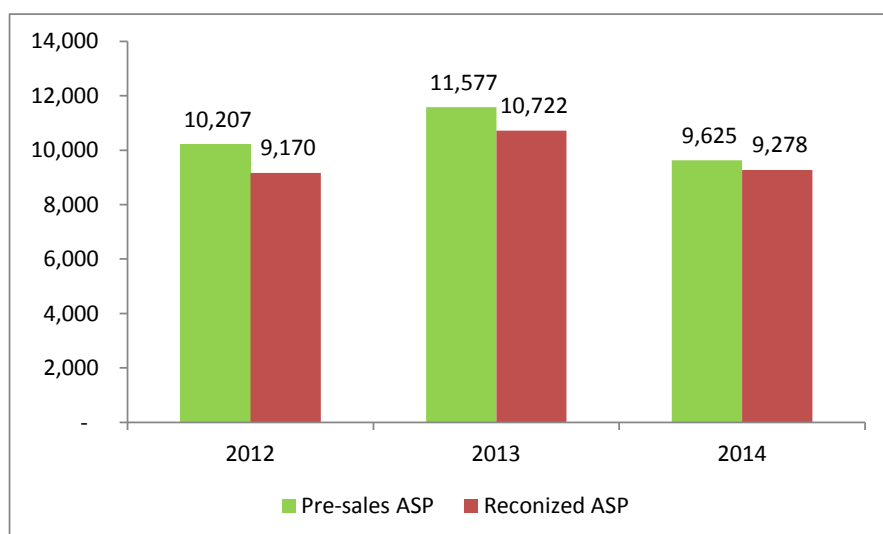
Source: Company

Figure 8: Agile – Recognized Sales (RMB mn)



Source: Company

Figure 9: Agile – Pre-sales and recognized ASP (RMB psqm)



Source: Company

Figure 10: Agile – Development Plan Overview

	FY2015 Expected	2014 Actual
Pre-Sales (RMB)	45.0bn	44.2bn
New Start GFA (Upper Ground GFA '000 sqm)	3,210	4,870
GFA Under Development (Upper Ground GFA'000 sqm)	11,160	12,140
Completed GFA '000 sqm	4,500	4,190
FY Saleable Resources* (GFA'000 sqm)	7,600	7,200

Source: Company



Figure 11: Agile – New Land Acquisitions in 2014

	Project	City / District	Attributable Interest	Planned GFA (sqm)	Land Cost (RMB / sqm)	Attributable Land Cost
1	Site in Dali Town, Nanhai	Foshan	100%	143,315	4,647	666
2	Site in Agile Evian Town Changsha	Changsha	100%	591,615	431	255
3	Site in Agile Eden Yunnan	Tengchong/ Yunnan	100%	635,865	156	99
4	Site in Tongguling, Hainan	Wenchang/ Hainan	100%	330,294	675	223
5	Site in Agile Pure Moon Bay, Hainan	Wenchang/ Hainan	100%	48,471	2,224	108
6	Site in Chenzhou	Chenzhou	100%	145,279	638	93
7	Site in Mont Kiara, Kuala Lumpur	Kuala Lumpur/ Malaysia	70%	167,100	2,051	240
8	Site in Bukit Bintang, Kuala Lumpur	Kuala Lumpur/ Malaysia	70%	151,961	6,807	724
				2,213,900	17,629	2,408

Source: Company

Key takeaways from analyst meeting

Margin guidance for 2015: 28-30%, (vs 33.7% prop dev margin in 2014)

75% occupancy for the new IP – Guangzhou Agile Center, which has started operation in 2014. 33-39/F of this building are for own use.

Record high cash collection of RMB38 bn. The company has established a group of over 100 staffs led by Chairman on cash collection improvement.

Target cash collection in 2015 is RMB44-46 bn, (16bn from un-collected money in 2014) hence about RMB30bn will be collected from the RMB45bn in 2015.

The company will carry out a wide range of actions to cut costs, including utilizing and streamlining staff structure, disposal of non-profitable projects (10 in total), returning lands where market is not good (even at loss - planning to sell back Ningbo project). Change contractors who have been asking for high cost. Chairman said there will be a RMB1bn rooms for cost reduction.

Target sell-through rate for 2015 is 65%, on the its 7.6 msqm of sellable resources

Unit rent in offices in Shanghai is about RMB150-160 psqm per month

Agile will consider selling the IPs if pricing is good, hoping to improve the cash position of the company

The company also aims to lower debt, aiming to cut interest cost as to increase the net profit,

Agile has lower land acquisition cost for the year. The funds planned for land acquisition for 2015 is around RMB5bn. But Agile will be very cautious on evaluating the land, if there is no good project at reasonable price, it is possible for the company not to buy any land this year

Other gain of RMB800mn was due to the share of profit on Nanbo project sales.



RMB 100mn impairment recorded on Foshan project, even after price cut in 2104.

Agile maintained high DVD payout even in the midst of the unsatisfactory result, as well as in need of money for debt repayment. This is to attract and paid back shareholders as it is hard for making profit in their stock.

Figure 12: Agile – Financial highlights

RMB mn	Value				YoY Change		
	FY11	FY12	FY13	FY14	FY12	FY13	FY14
Key Items							
Core Net Profit	3,848	4,591	4,400	3,929	19%	-4%	-11%
Core EPS	1.069	1.331	1.276	1.12	25%	-4%	-12%
Gross Margin	53.8%	41.6%	35.6%	32.4%	-23%	-14%	-9%
Core Net Margin	16.8%	15.4%	12.4%	10.3%	-8%	-19%	-17%
Reported Net Profit	4,105	5,000	4,827	4,287	22%	-3%	-11%
Reported Net Margin	17.9%	16.7%	13.6%	11.2%	-7%	-19%	-18%
Net Gearing	72.6%	78.6%	90.4%	97.0%	8%	15%	7%
DPS	0.34	0.38	0.48	0.40	12%	24%	-17%
Net Book Value Per Share	6.3	7.4	8.5	9.6	18%	15%	13%
P&L							
Total Revenue	22,945	29,892	35,436	38,318	30%	19%	8%
Property Sales Revenue	22,466	29,146	34,467	37,037	30%	18%	7%
Gross Rental Income	18	26	54	70	41%	112%	30%
Hotel	260	220	368	527	-15%	67%	43%
EBIT							
Property Sales	10,721.1	10,434.5	9,851.8	10,191.9	-3%	-6%	3%
Property Rental	3.6	10.8	17.0	20.0	198%	58%	18%
Hotel	-115.6	-144.8	-108.3	-256.5	25%	-25%	137%
EBIT Margin							
Property Sales	48%	36%	29%	28%	-25%	-20%	-4%
Property Rental	20%	42%	31%	28%	111%	-26%	-10%
Hotel (if any)	-44%	-66%	-29%	-49%	48%	-55%	65%
Expenses							
Selling & marketing expenses	835	975	1,523	1,784	17%	56%	17%
Administrative expenses	877	1,125	1,285	1,437	28%	14%	12%
Selling & marketing expenses as a % of Total Revenue	4%	3%	4%	5%	-10%	32%	8%
Administrative expenses as a % of Total Revenue	4%	4%	4%	4%	-2%	-4%	3%
SG&A as a % of Total Revenue	7%	7%	8%	8%	-6%	13%	6%
Accounting policy check							
Gross interest expenses	1,136	2,416	2,123	3,737	113%	-12%	76%
Capitalized interests	1,781	2,369	2,612	3,444	33%	10%	32%
% of interests capitalized	157%	98%	123%	92%	-37%	25%	-25%



Capitalized interests as a % of core net profit	46%	52%	59%	88%	11%	15%	48%
Investment properties revaluation gains	96	178	174	470	85%	-2%	169%
IP revaluation gains as a % of last-year-end investment properties value	1.9%	3.4%	3.1%	8.1%	76%	-8%	160%
Gross rental income as a % of latest investment properties value	0.3%	0.5%	0.9%	1.2%	32%	104%	29%

Source: Company, Deutsche Bank

Figure 13: Agile – Operational highlights

RMB mn	FY11	FY12	% YoY Growth	FY13	% YoY Growth	FY14	% YoY Growth
Operational metrics							
Property sales and rental							
Delivery GFA (sqm)	2,136,000	3,178,000	49%	3,215,000	1%	3,992,000	24%
Delivery ASP (RMB psm)	10,517	9,170	-13%	10,722	17%	9,278	-13%
Rental income (RMB mn)	18	26	41%	54	112%	70	30%
New construction starts (sqm)	3,880,000	3,500,000	-10%	4,900,000	40%	4,870,000	-1%
GFA under construction (sqm)	NA	10,990,000	NA	11,940,000	9%	12,140,000	2%
New GFA acquired (sqm)	626,329	6,067,774	869%	988,146	-84%	2,118,182	114%
Total acquisition cost (RMBmn)	1,571	2,794	78%	1,084	-61%	2,407	122%
Average unit land cost (RMBpsm)	2,509	495	-80%	1,142	131%	1,274	12%
Contracted sales (RMBmn)	31,520	33,070	5%	40,340	22%	44,160	9%
Contracted GFA (sqm)	3,107,256	3,240,000	4%	3,484,000	8%	4,588,000	32%
Contracted ASP (RMB psm)	10,144	10,207	1%	11,579	13%	9,625	-17%
Sell-through rate	55%	56%	NA	52%	NA	53%	NA
Saleable resources (RMBmn)	57,000	59,000	4%	78,000	32%	83,000	6%
Total gross debt (RMBmn)	22,031	27,565	25%	39,492	43%	42,322	7%
Total cash balance (Rmb mn)	7,328	9,689	32%	13,033		14,430	
Net gearing (%)	73%	79%	NA	90%	15%	97%	7%
Debt maturity:							
Less than 12 months	7,659	6,193	-19%	12,354	99%	16,471	33%
Between 1-2 years	2,991	5,107	71%	8,517	67%	8,055	-5%
Between 2-5 years	6,468	15,238	136%	17,527	15%	17,165	-2%
More than 5 years	4,913	1,027	-79%	1,094	7%	631	-42%
Rmb as % of total debt	46.4%	37.8%	NA	51.4%	NA	49.7%	NA
USD as % of total debt	53.6%	62.2%	NA	48.6%	NA	50.3%	NA
Average borrowing interest rate	8.3%	10.2%	NA	7.9%	NA	7.9%	NA
Cashflow Analysis							
Inflow							
Sales proceeds	274,600	27,800	-90%	28,100	1%	38,500	37%
Rental income	20	30	50%	1,100	3567%	200	-82%



Outflow							
Land premium	(1,600)	(5,800)	263%	(11,000)	90%	(6,500)	-41%
Construction capex	(12,000)	(16,000)	33%	(15,600)	-3%	(20,000)	28%
SG&A	(2,000)	(3,000)	50%	(2,500)	-17%	(3,000)	20%
Interest expenses	(1,400)	(3,000)	114%	(2,500)	-17%	(3,400)	36%
Taxation	(3,300)	(5,300)	61%	(5,400)	2%	(8,000)	48%
Others	(1,800)	(1,000)	-44%	(1,100)	10%	(1,400)	27%

Source: Company, Deutsche Bank



Valuation

Our revised NAV estimate at HK\$11.84/share

Figure 14: NAV breakdown

	(Rmb mn)	(HK\$ mn)	(HK\$/share)	%
Development property				
Guangzhou	7,603	9,123	2.34	19.8%
Zhongshan	5,402	6,482	1.66	14.0%
Nanhai	1,142	1,370	0.35	3.0%
Foshan	3,725	4,470	1.15	9.7%
Heyuan	819	983	0.25	2.1%
Huizhou	514	617	0.16	1.3%
Nanjing	9,643	11,571	2.97	25.1%
Changzhou	1,643	1,972	0.51	4.3%
Shanghai	1,755	2,106	0.54	4.6%
Chengdu	723	867	0.22	1.9%
Chongqing	0	0	0.00	0.0%
Xi'an	2,523	3,027	0.78	6.6%
Nanning	229	275	0.07	0.6%
Yunfu	238	286	0.07	0.6%
Chuzhou	404	485	0.12	1.0%
Hangzhou	1,394	1,672	0.43	3.6%
Kunshan	242	290	0.07	0.6%
Nantong	955	1,146	0.29	2.5%
Ningbo	1,987	2,384	0.61	5.2%
Wuxi	2,285	2,742	0.70	5.9%
Yangzhou	1,212	1,454	0.37	3.1%
Zhenjiang	598	718	0.18	1.6%
Yunnan	740	888	0.23	1.9%
Changsha	783	940	0.24	2.0%
Hainan	13,057	15,669	4.02	33.9%
Shenyang	1,555	1,867	0.48	4.0%
Tianjin	715	858	0.22	1.9%
	61,885	74,262	19.04	160.8%
Investment property				
Retail	3,216	3,859	0.99	8.4%
Hotel	16,554	19,864	5.09	43.0%
	16,866	20,240	5.19	43.8%
Gross asset value (GAV)	78,751	94,501	24.22	204.6%
Net cash / (debt)	(38,028)	(45,634)	(11.70)	-98.8%
Outstanding land premium	(2,235)	(2,682)	(0.69)	-5.8%
Net asset value (NAV) - fully diluted	38,488	46,186	11.84	100.0%

Source: Deutsche Bank estimates



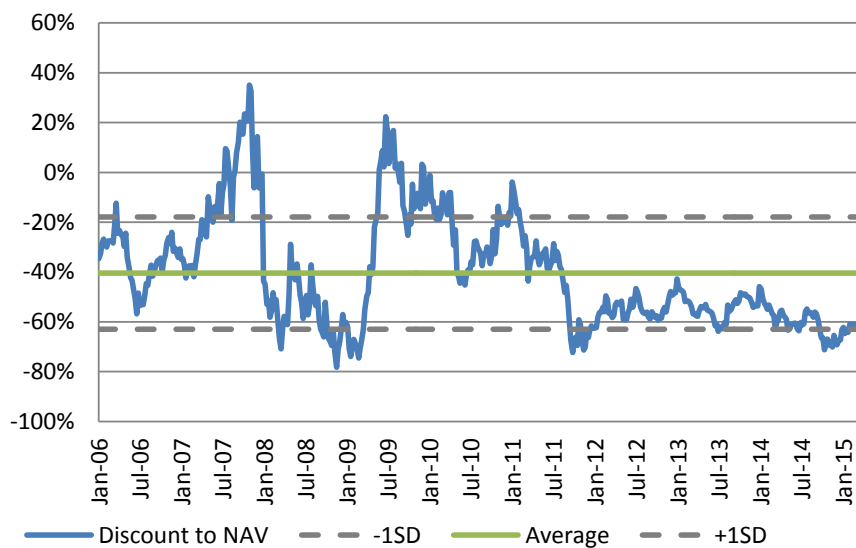
We adopt NAV as our primary valuation metric, in line with residential-focus peers under our coverage. Our approach is based on sum-of-the-parts, where we use DCF for property developments for sale and a direct capitalization approach for investment properties. We generally assume ASP to stay flat in 2015. However, we have made project-specific adjustments depending on product mix/phase differences. We have adopted a discount rate of 11.6%, which is in line with our estimated WACC. Our fully-diluted NAV estimate is at HK\$11.84/shr (HK\$13.2/shr).

Our target price of HK\$3.55 is based on 70% discount to our estimated NAV

Our target price is based on a revised 70% (75%) discount to our revised NAV estimate of HK\$11.84/share (HK\$13.2/share) as we expect slower development schedule stemming from slower-than-expected contracted sales achievement in FY14. Our revised target discount (one of the largest target discount adopted among our coverage universe) factors in the slow earnings growth profile while management risk is somewhat relieved following the Chairman's release from the detention, which we believe is appropriate.

Agile is now trading at a 62% discount to our estimated NAV and 3.9x 2015e earnings. While both measures are at substantial discount to industry average, we expect Agile to underperform peers ahead in light of below industry-average growth ahead.

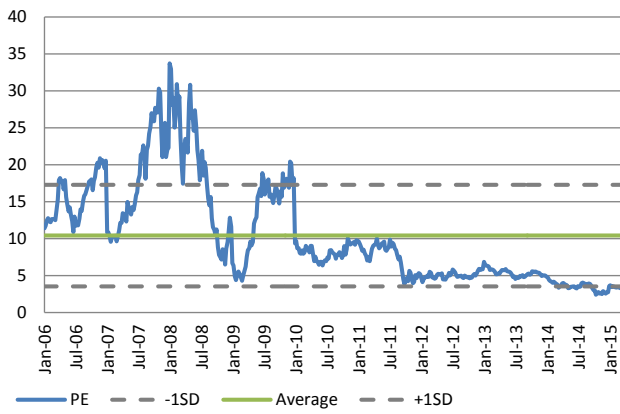
Figure 15: Historical NAV discount



Source: Bloomberg Finance LP, Deutsche Bank

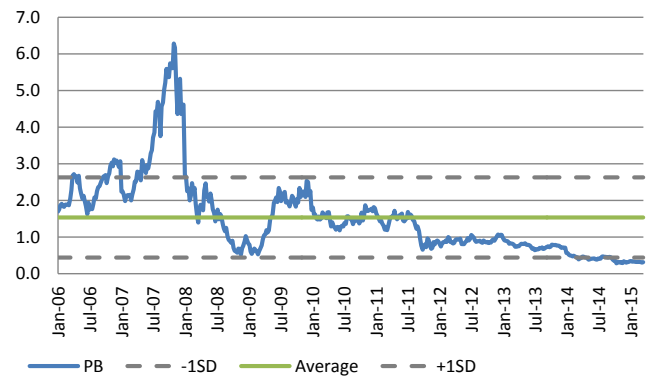


Figure 16: Agile – Historical P/E band



Source: Bloomberg Finance LP, Deutsche Bank

Figure 17: Agile – Historical P/B band



Source: Bloomberg Finance LP, Deutsche Bank



Figure 18: China property – valuation table

Company	Ticker	DB Rating	Trade Ccy	Report Ccy	Mkt Cap USDm	12M Daily T/O USDm	25 Mar			Est. NAV	NAV Disc	EPS			PE(x)		
							Price	Price	Upside			14E	15E	16E	14E	15E	16E
Covered																	
CSCEC	601668 CH	Buy	CNY	CNY	32,937	299.95	6.82	7.78	14%	10.4	-34%	0.80	0.94	1.12	8.5	7.2	6.1
Wanda	3699 HK	Buy	HKD	CNY	27,732	25.33	47.50	65.00	37%	92.9	-49%	3.31	3.98	4.78	11.5	9.6	8.0
COLI	688 HK	Buy	HKD	HKD	25,404	69.20	24.10	28.98	20%	31.6	-24%	3.39	3.36	3.88	7.1	7.2	6.2
China Vanke - A	000002 CH	Buy	CNY	CNY	22,880	234.91	12.78	14.87	16%	17.5	-27%	1.50	1.82	2.20	8.5	7.0	5.8
China Vanke - H	2202 HK	Buy	HKD	CNY	22,880	25.73	17.24	19.10	11%	22.5	-23%	1.50	1.82	2.20	9.2	7.6	6.3
CR Land	1109 HK	Buy	HKD	HKD	17,686	31.51	21.00	26.50	26%	34.6	-39%	2.02	2.33	2.43	10.4	9.0	8.6
Poly - A	600048 CH	Buy	CNY	CNY	17,521	222.70	10.14	7.61	-25%	9.5	7%	1.13	1.22	1.44	9.0	8.3	7.1
GLP	GLP SP	Buy	SGD	USD	9,203	25.14	2.60	3.10	19%	2.4	7%	0.06	0.05	0.07	33.2	35.0	28.9
China Merchants Prop	000024 CH	Buy	CNY	CNY	8,948	128.69	26.89	16.42	-39%	23.5	15%	2.04	2.30	2.78	13.2	11.7	9.7
Country Garden	2007 HK	Sell	HKD	CNY	7,795	16.01	2.97	2.60	-12%	4.3	-32%	0.48	0.56	0.62	4.9	4.3	3.8
Longfor	960 HK	Buy	HKD	CNY	7,641	4.37	10.20	15.60	53%	19.4	-47%	1.25	1.35	1.48	6.5	6.0	5.5
Gemdale	600383 CH	Sell	CNY	CNY	7,230	60.03	10.00	7.50	-25%	10.8	-7%	0.78	0.86	0.90	12.9	11.6	11.1
Shimao	813 HK	Sell	HKD	CNY	7,183	23.76	16.04	13.37	-17%	22.3	-28%	2.64	2.88	3.23	4.9	4.5	4.0
Evergrande	3333 HK	Sell	HKD	CNY	7,056	14.72	3.74	2.48	-34%	5.0	-25%	0.72	0.73	0.75	4.2	4.1	4.0
CSCI	3311 HK	Buy	HKD	HKD	5,464	8.86	10.56	14.74	40%	15.4	-32%	0.88	1.05	1.31	12.1	10.0	8.1
Sino-Ocean	3377 HK	Buy	HKD	CNY	4,603	2.72	4.76	6.85	44%	9.8	-51%	0.49	0.58	0.68	7.8	6.5	5.6
R&F	2777 HK	Hold	HKD	CNY	3,154	11.33	7.59	8.13	7%	16.3	-53%	1.20	1.37	1.49	5.1	4.4	4.1
Sunac	1918 HK	Hold	HKD	CNY	2,797	13.83	6.41	7.35	15%	13.3	-52%	1.13	1.70	1.68	4.5	3.0	3.1
Franshion	817 HK	Buy	HKD	HKD	2,491	2.34	2.13	3.88	82%	5.5	-62%	0.30	0.37	0.44	7.0	5.7	4.9
Yuexiu	123 HK	Sell	HKD	CNY	2,335	5.27	1.46	1.23	-16%	2.5	-41%	0.12	0.12	0.13	9.9	9.6	9.0
Agile	3383 HK	Sell	HKD	CNY	2,278	9.45	4.51	3.55	-21%	11.8	-62%	1.25	1.29	1.31	2.9	2.8	2.8
KWG	1813 HK	Buy	HKD	CNY	1,991	5.41	5.24	6.68	27%	11.1	-53%	1.12	1.35	1.44	3.7	3.1	2.9
Greentown	3900 HK	Buy	HKD	CNY	1,912	8.26	6.86	11.00	60%	22.0	-69%	2.19	2.55	2.82	2.5	2.2	1.9
Yanlord	YLLG SP	Sell	SGD	CNY	1,354	0.66	0.95	0.80	-16%	1.6	-40%	0.25	0.34	0.37	17.1	12.6	11.6
CIFI	884 HK	Buy	HKD	CNY	1,267	0.56	1.63	2.53	55%	4.6	-65%	0.34	0.46	0.61	3.8	2.8	2.1
Kaisa	1638 HK	Hold	HKD	CNY	1,053	4.07	1.59	1.80	13%	6.7	-76%	0.64	0.72	0.81	2.0	1.8	1.6
COGO	81 HK	Buy	HKD	HKD	1,033	2.80	3.51	8.19	133%	11.7	-70%	1.04	1.11	1.60	3.4	3.2	2.2
E-House	EJ US	Buy	USD	USD	748	16.52	5.30	18.20	243%	0.0	NA	0.73	0.91	1.09	7.2	5.8	4.9
Central China	832 HK	Buy	HKD	CNY	594	0.26	1.89	3.36	78%	5.6	-66%	0.52	0.65	0.82	2.9	2.3	1.8
Not Rated																	
NWCL	917 HK	NR	HKD	HKD	5,545	1.99	4.95	NA	NA	NA	NA	0.45	0.42	0.43	11.0	11.8	11.5
SOHO China	410 HK	NR	HKD	CNY	3,426	3.12	5.11	NA	NA	NA	NA	0.42	0.17	0.18	9.7	23.8	22.2
Hui Xian REIT	87001 HK	NR	CNY	CNY	2,897	1.99	3.39	NA	NA	NA	NA	0.22	0.23	0.24	15.4	14.7	14.0
Shui On	272 HK	NR	HKD	CNY	1,775	1.87	1.72	NA	NA	NA	NA	0.08	0.05	0.14	17.0	25.5	9.8
Poly Property	119 HK	NR	HKD	HKD	1,714	7.14	3.63	NA	NA	NA	NA	0.53	0.59	0.65	6.9	6.2	5.6
Hopson	754 HK	NR	HKD	HKD	1,545	0.74	5.34	NA	NA	NA	NA	0.56	0.37	0.52	9.5	14.4	10.3
BJ North Star	588 HK	NR	HKD	CNY	1,107	0.80	2.55	NA	NA	NA	NA	0.30	0.28	0.32	6.8	7.3	6.4
Glorious	845 HK	NR	HKD	CNY	1,055	0.76	1.05	NA	NA	NA	NA	0.15	0.19	0.17	5.6	4.4	4.9
Yuzhou	1628 HK	NR	HKD	CNY	851	0.95	1.91	NA	NA	NA	NA	0.46	0.59	0.74	3.4	2.6	2.1
Greenland Hong Kong	337 HK	NR	HKD	CNY	779	1.32	4.77	NA	NA	NA	NA	0.11	0.27	0.42	36.4	14.2	9.2
Fantasia	1777 HK	NR	HKD	CNY	676	0.91	0.91	NA	NA	NA	NA	0.18	0.19	0.23	4.0	3.8	3.2
Powerlong	1238 HK	NR	HKD	CNY	624	0.41	1.21	NA	NA	NA	NA	0.27	0.53	1.08	3.6	1.8	0.9
BC Land	2868 HK	NR	HKD	CNY	557	1.03	4.23	NA	NA	NA	NA	0.76	0.95	1.25	4.5	3.6	2.7
Aoyuan	3883 HK	NR	HKD	CNY	470	0.25	1.31	NA	NA	NA	NA	0.31	0.38	0.49	3.4	2.8	2.1
C C Land	1224 HK	NR	HKD	HKD	444	0.42	1.33	NA	NA	NA	NA				NA	NA	NA
Minmetals	230 HK	NR	HKD	HKD	375	0.26	0.87	NA	NA	NA	NA	0.20	0.24		4.4	3.6	NA
Far East Global	830 HK	NR	HKD	HKD	339	0.29	1.22	NA	NA	NA	NA	0.09			13.6	NA	NA
Overall average											-39%			8.7 7.9 6.7			

Source: Deutsche Bank estimates, Company data, Bloomberg Finance LP Consensus estimates for companies NR



Figure 19: China property – valuation table (cont.)

Company	Ticker	EPS growth %			BVPS			PB(x)			DPS			Dividends yield %			Net gearing %		
		14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E
Covered																			
CSCEC	601668 CH	18	17	19	4.6	5.3	6.2	1.5	1.3	1.1	0.2	0.2	0.2	2.3	2.7	3.2	53.2	49.1	38.9
Wanda	3699 HK	40	20	20	34.7	37.9	41.7	1.1	1.0	0.9	1.1	0.8	1.0	3.0	2.1	2.5	41.6	40.4	38.6
COLI	688 HK	19	16	15	16.0	18.7	21.8	1.4	1.2	1.0	0.5	0.6	0.6	2.3	2.4	2.5	35.6	18.7	3.1
China Vanke – A	000002 CH	9	22	21	8.3	9.7	11.4	1.6	1.4	1.2	0.4	0.5	0.5	3.2	3.4	3.5	42.1	34.1	18.7
China Vanke – H	2202 HK	9	22	21	8.3	9.7	11.4	1.7	1.5	1.3	0.4	0.5	0.5	3.0	3.1	3.3	42.1	34.1	18.7
Poly – A	600048 CH	13	8	17	5.7	6.7	7.9	1.9	1.6	1.4	0.2	0.3	0.3	2.2	2.3	2.4	93.9	66.7	53.5
CR Land	1109 HK	19	19	5	16.0	18.0	19.9	1.3	1.2	1.1	0.5	0.5	0.5	2.2	2.3	2.5	69.0	30.8	21.3
China Merchants Prop	000024 CH	25	13	21	12.0	13.9	16.1	2.4	2.0	1.8	0.4	0.5	0.6	0.4	0.5	0.5	27.3	7.4	-3.4
GLP	GLP SP	(18)	(5)	21	1.8	1.8	1.9	1.0	1.0	1.0	0.0	0.0	0.0	2.4	2.4	2.4	21.0	8.2	23.1
Country Garden	2007 HK	5	16	11	3.0	3.4	3.8	0.8	0.7	0.6	0.1	0.2	0.2	6.1	7.0	7.9	67.8	61.7	60.2
Longfor	960 HK	6	8	10	8.8	9.9	11.1	0.9	0.8	0.8	0.3	0.3	0.3	3.4	3.5	3.8	53.2	42.7	32.9
Gemdale	600383 CH	11	11	19	6.9	7.4	8.0	1.5	1.4	1.3	0.1	0.1	0.1	1.2	1.1	1.2	58.2	56.3	51.3
Shimao	813 HK	25	9	12	17.9	20.5	20.5	0.7	0.6	0.6	0.8	0.9	0.9	5.1	5.4	5.7	88.7	76.1	89.0
Evergrande	3333 HK	2	2	3	3.8	4.3	4.9	0.8	0.7	0.6	0.3	0.3	0.3	8.9	9.4	9.8	87.3	76.0	79.5
CSCI	3311 HK	26	20	24	5.0	5.7	6.8	2.2	1.9	1.6	0.3	0.3	0.3	2.4	2.4	2.4	32.5	26.7	17.6
Sino-Ocean	3377 HK	17	19	17	5.9	6.7	7.1	0.7	0.6	0.5	0.2	0.2	0.3	6.2	6.3	6.5	65.9	57.6	56.9
R&F	2777 HK	(34)	15	9	11.2	12.5	14.0	0.6	0.5	0.4	-	-	0.4	0.0	0.0	5.6	176.5	162.9	145.2
Sunac	1918 HK	19	51	(2)	5.1	6.6	8.1	1.1	0.8	0.7	0.2	0.2	0.2	3.7	4.1	4.3	104.7	70.5	77.2
Franshion	817 HK	20	23	17	3.9	4.3	4.7	0.6	0.5	0.5	0.1	0.1	0.1	4.6	5.0	5.5	51.0	30.0	5.6
Yuexiu	123 HK	(5)	4	7	2.3	2.4	2.5	0.5	0.5	0.5	0.1	0.1	0.1	5.2	5.9	6.0	65.6	76.0	77.1
Agile	3383 HK	(2)	4	1	10.6	11.5	12.5	0.3	0.3	0.3	0.4	0.4	0.4	12.0	12.1	12.0	68.1	69.6	69.0
Greentown	3900 HK	(4)	16	11	13.9	16.1	18.5	0.4	0.3	0.3	0.4	0.4	0.4	7.4	7.6	8.1	74.8	73.8	66.1
KWG	1813 HK	40	20	7	7.0	8.1	9.3	0.6	0.5	0.4	0.3	0.3	0.3	6.5	6.8	7.0	61.8	39.4	25.1
Yanlord	YLLG SP	(50)	36	9	9.8	10.1	10.4	0.4	0.4	0.4	0.0	0.0	0.0	0.3	0.3	0.3	45.0	62.4	64.7
CIFI	884 HK	30	37	31	1.7	2.1	2.6	0.8	0.6	0.5	0.1	0.1	0.1	5.2	7.1	9.3	55.9	58.6	48.0
Kaisa	1638 HK	50	13	12	4.1	4.8	5.5	0.3	0.3	0.2	0.2	0.2	0.2	13.8	15.6	17.6	73.6	85.6	69.5
COGO	81 HK	(15)	7	44	5.9	6.9	8.4	0.6	0.5	0.4	0.1	0.1	0.1	2.4	3.0	3.0	61.7	58.0	54.1
E-House	EJ US	30	24	19	5.9	6.4	7.0	0.9	0.8	0.7	0.2	0.2	0.2	3.9	3.9	3.9	-58.4	-55.6	-50.1
Central China	832 HK	25	26	26	2.8	3.3	3.9	0.5	0.5	0.4	0.2	0.2	0.2	10.1	13.1	15.7	41.7	38.0	32.2
Not Rated																			
NWCL	917 HK	32	(7)	2	6.7	7.0	7.3	0.7	0.7	0.7	0.1	0.1	0.1	1.4	1.1	1.2	37.3	48.4	51.0
SOHO China	410 HK	(41)	(59)	7	7.5	7.8	7.9	0.5	0.5	0.5	0.3	0.2	0.2	6.3	5.8	5.9	16.8	32.4	36.3
Hui Xian REIT	87001 HK	5	5	6	5.3	5.1	5.1	0.6	0.7	0.7	0.2	0.3	0.3	7.4	7.8	8.5	1.2	6.2	7.9
Shui On	272 HK	(2)	(33)	161	5.4	5.4	5.6	0.3	0.3	0.2	0.0	0.0	0.1	3.0	3.3	4.5	82.9	96.6	101.7
Poly Property	119 HK	(28)	12	11	8.8	9.2	9.7	0.4	0.4	0.4	0.2	0.2	0.2	4.8	4.6	5.0	106.8	106.1	95.3
Hopson	754 HK	(53)	(34)	41				NA	NA	NA	-	-	-	0.0	0.0	0.0	NA	NA	NA
BJ North Star	588 HK	7	(7)	14		5.0	5.3	NA	0.4	0.4		0.1	0.1	NA	2.8	2.8	NA	NA	NA
Glorious	845 HK	14	29	(12)				NA	NA	NA	-	-		0.0	0.0	NA	NA	NA	NA
Yuzhou	1628 HK	42	29	26	2.4	2.7	3.2	0.6	0.6	0.5	0.1	0.1	0.2	7.6	9.3	11.0	88.6	111.6	-4.2
Greenland Hong Kong	337 HK	(53)	157	54	2.1	2.3	2.8	1.9	1.7	1.4	0.0	0.1	0.1	1.0	1.3	1.3	NA	NA	NA
Fantasia	1777 HK	(14)	6	18	1.7	2.0	2.2	0.4	0.4	0.3	0.0	0.0	0.1	5.1	6.6	7.1	91.3	97.7	106.8
Powerlong	1238 HK	1	96	104				NA	NA	NA	0.1	0.1	0.1	5.3	6.6	9.6	NA	NA	NA
BC Land	2868 HK	31	24	32		5.7	6.4	NA	0.6	0.5	0.2	0.3	0.3	6.7	7.7	8.3	NA	234.1	248.4
Aoyuan	3883 HK	121	23	29	2.9	3.2	3.6	0.4	0.3	0.3	0.1	0.1	0.1	5.6	8.8	11.2	77.2	85.9	83.6
C C Land	1224 HK	NA	NA	NA	5.7	6.1	6.4	0.2	0.2	0.2	0.1	0.1	0.1	7.5	7.5	7.5	NA	NA	NA
Minmetals	230 HK	(11)	20	NA				NA	NA	NA				NA	NA	NA	NA	NA	NA
Far East Global	830 HK	80	44	385	0.6	0.7	0.8	2.0	1.7	1.5				NA	NA	NA	-3.9	-7.9	-16.6
Overall average		10	18	30				0.9	0.8	0.7				4.4	4.9	5.6	57.9	58.1	51.1

Source: Deutsche Bank estimates, Company data, Bloomberg Finance LP Consensus estimates for companies NR



Investment risks

Macro risks

Unexpected economic fluctuations in the Chinese economy

In our view, any weaker-than-expected performance of the Chinese economy will likely result in weaker housing demand, hence affecting Chinese developers' property sales. On the other hand, any overly strong growth in the Chinese economy could raise concerns about overheating and attract cash-tightening measures. Therefore, any unexpected fluctuations in the Chinese economy will likely affect demand and supply in the China property market and the business of China property companies.

Further government relaxation policies targeted at the property sector

In the past 3 months, 42 out of 46 cities have announced relaxation on Home Purchase Restrictions of varies extent. On top of that, the PBOC also announced relaxation of mortgage restrictions on Sept 30. Introduction of new relaxation policies could positively impact earnings and profitability for developers.

Company-specific risks

Stronger demand for non-primary residence

About 25% of the landbank is tourism-related and of non-primary residence in nature. Demand for such property may be vulnerable during economic downturns. However, with the recent mortgage relaxation announced by the PBOC, demand for non-primary residence may well stronger than our current projection and Agile will be a key beneficiary.

Stronger-than-expected response from upcoming launches

On the back of the launch pipeline being heavily skewed towards 4Q (80% in 2H by GFA), contracted sales momentum is likely to pick up in coming months. With the low expectation among investors, success of upcoming launches may well bring an upside surprise.



Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Agile Property	3383.HK	4.50 (HKD) 25 Mar 15	14,15

*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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Historical recommendations and target price: Agile Property (3383.HK)
 (as of 3/25/2015)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9,2002

1. 15/08/2013:	Downgrade to Hold, Target Price Change HKD10.00	3. 13/10/2014:	Downgrade to Sell, Target Price Change HKD3.30
2. 30/03/2014:	Hold, Target Price Change HKD8.50		

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Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

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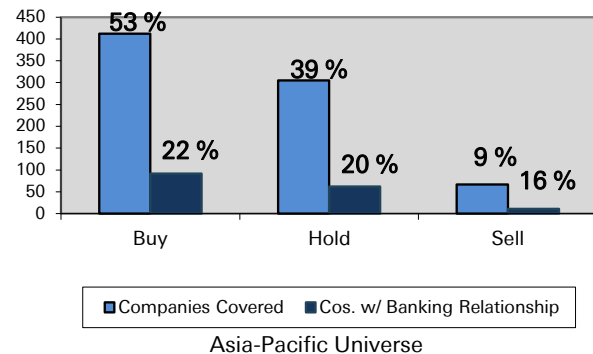
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