

**MALAYSIA
SINGAPORE**



ISKANDAR MALAYSIA

Notes from the Field



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“Iskandar Malaysia performed beyond expectations last year, having breached the RM100bn mark in total committed investments.”

— Dato' Sri Najib Razak,
Prime Minister Malaysia

Highlighted Companies

CapitaLand

CapitaLand recently invested in a mixed development greenfield project at Danga Bay, Iskandar, with an expected GDV of RM8.1bn. This project will take 10-15 years to complete and currently forms only 1% of CapLand's RNAV.

UEM Land

UEM Land remains the best proxy for Iskandar due to its huge landbank in Nusajaya and robust property sales from the township. The group owns another 679 acres in Desaru, Johor, which is being positioned to complement Iskandar.

WCT

WCT owns 34 acres of land located within Medini in Iskandar with GDV of RM2.8bn. WCT's RM767m contract for infrastructure works in Medini (secured in Jul 09) is almost completed with RM36m worth of works outstanding.

Iskandar - Malaysia's Shenzhen

Excitement about Iskandar is reaching levels never seen before in Malaysia. This is understandable given that the "Shenzhen of Malaysia" reached tipping point last year. We remain bullish on the growth corridor and advise investors to position for the longer term.

Figure 1: Winners from Iskandar Malaysia

Company	Comments
CapitaLand	CapitaLand owns 71 acres in Danga Bay, Iskandar with GDV of RM8.1bn
Dialog	Its massive RM5bn Pengerang project has a 60-year concession
Gamuda	50% of Horizon Hills in Nusajaya (710 acres of unsold land, RM4.3bn balance GDV)
Genting Plant	Owns 6,571 acres of land near Senai airport. Owns the Johor Premium Outlet
E&O	Owns 210 acres in Medini that will be developed into a wellness project
IOI Corp	Owns 1,955 acres of land in Kulai, near the Senai airport
Lafarge	40% cement market share and beneficiary of Iskandar property and oil & gas projects
Mah Sing	Owns 433 acres in Johor including 8.2 acres in Medini
SP Setia	Dominant developer in wider Johor with over 1,000 acres of landbank
Sunway	Owns 1,858 acres of land in Iskandar with total GDV of RM30bn
Tat Hong	Potential beneficiary of the MRT and HSR lines linking to Iskandar
UEM Land	Has the largest landbank of any developer in Iskandar with over 7,000 acres undeveloped
WCT	Owns 46 acres of land in Johor including 34 acres in Medini
Yongnam	Potential beneficiary of the MRT and HSR lines linking to Iskandar

SOURCES: CIMB, COMPANY REPORTS

In this report we analyse Iskandar not merely from the typical property angle but also measure its progress economically and identify other sectors that will benefit directly or indirectly from proximity to the development corridor. Also, we look at Iskandar from the Singapore perspective as their buy-in is critical for its success. For exposure to Iskandar, our top choices include UEM Land, WCT and CapitaLand.

Why the sudden interest? ▶

The Iskandar Malaysia development corridor has been long in the making and can in fact trace its roots to Renong and its Prolink 2020 project in the 1990s. But it was the completion of LegoLand, Puteri Harbour Family Theme Park and several education institutions in 2012 that woke up developers and property buyers on both sides of the Causeway to its huge potential. The recent meetings between the prime ministers of the two countries and the go ahead for the RM30bn high-speed rail project have cemented Iskandar's

position as the Shenzhen of Malaysia. Since Oct last year, Singapore investors have taken the plunge and invested in four multi-billion ringgit projects in Iskandar.

How best to play Iskandar? ▶

Thus far it is the property and construction companies that have benefitted the most from Iskandar. The best proxy has always been UEM Land due to its huge landbank in Nusajaya and the fact that it is the flagship development arm of Khazanah Holdings, the key planner and driver for Iskandar. But there are other winners from the corridor's lift-off, including building material companies given the construction boom, plantation companies with vast landbank in Johor, oil & gas companies on the back of two massive projects in Pengerang as well as Singapore developers and contractors that are making a beeline to Johor and Iskandar.