

Henderson Land Development

1H13 results review: Potential NAV enhancement from farmland, stay OW

Henderson Land's ("HLD") underlying net profit came in below expectation at HK\$3,454 mn, down 4% Y/Y, mainly on lower-than-expected profit margin for China residential. The key highlight from the results is the potential development and NAV enhancement from farmland exposure in North East New Territories. Stock is trading at undemanding valuation of 44% discount to Jun-14 NAV. Maintain OW.

- Lower-than-expected property development margin:** HLD reported 1H13 underlying earnings of HK\$3,454 mn, down 4% Y/Y, below our estimate of HK\$3,968 mn. The variance mainly came from lower-than-expected profit margin of residential projects, especially China. Overall residential profit margin for 2H13 is expected to improve as revenue from major project The Reach is expected to be recognized. Interim DPS remains unchanged at HK\$0.32. Net gearing lowered to 15% from 17.2%.
- Impact on North East NT farmland exposure:** In July the government announced proposal for the development of North East New Territories New Development Area ("NENT NDAs"). HLD's exposure in these areas amounted to 2.7 mn sf, of which 0.9 mn sf is eligible for applications for in-situ land exchange (for residential development) and 1.8 mn sf is subject to resumption for public use through cash compensation. We estimate that potential land exchange and land resumption could potentially enhance NAV by HK\$1.4 - 1.8 per share.
- Seeing end-users demand for mass-end projects:** Since the implementation of new regulation on primary sales, HLD managed to sell 317 units (12% of entire project) of The Reach in Yuen Long in about a month time. The sales response showed decent demand for 2-bedroom units and mass-end projects with a lump sum of around HK\$4 mn.
- Urban redevelopment and farmland driving growth:** Before the potential land exchange in NENT, the medium-term growth will be mainly coming from redevelopment of old buildings in urban areas. HLD has 3 new projects of this kind for potential launch in 2H13. In the long-term, we estimate the potential land exchange might provide residential landbank of 4.5 mn sf.

Overweight

0012.HK, 12 HK

Price: HK\$46.40

▼ Price Target: HK\$61.00

Previous: HK\$62.30

Hong Kong Property

Amy Luk, CFA^{AC}

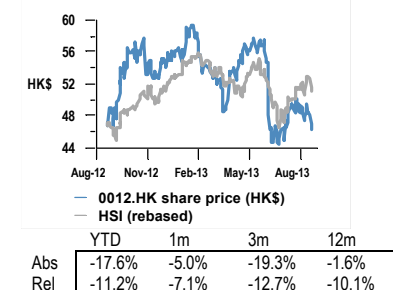
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Price Performance



Henderson Land Development (Reuters: 0012.HK, Bloomberg: 12 HK)

HK\$ in mn, year-end Dec	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue (HK\$ mn)	15,188	15,592	23,828	30,977	22,105
Net Profit (HK\$ mn)	5,560	7,098	7,701	8,473	8,877
Core Profit (HK\$ mn)	5,484	7,075	7,701	8,473	8,877
EPS (HK\$)	2.41	2.97	2.90	3.16	3.31
Core EPS (HK\$)	2.38	2.97	2.90	3.16	3.31
Core EPS growth (%)	36.5%	24.8%	(2.2%)	8.9%	4.8%
DPS (HK\$)	1.00	1.06	1.06	1.06	1.06
ROE	3.2%	3.6%	3.7%	3.9%	3.9%
P/E (Core)	19.5	15.6	16.0	14.7	14.0
P/BV (x)	0.6	0.5	0.6	0.6	0.5
BVPS (HK\$)	78.25	84.98	80.60	82.94	86.72
RNAV/Share	-	-	82.42	83.18	-
Dividend Yield	2.2%	2.3%	2.3%	2.3%	2.3%

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data	
Shares O/S (mn)	2,684
Market Cap (HK\$ mn)	124,517
Market Cap (\$ mn)	16,057
Price (HK\$)	46.40
Date Of Price	21 Aug 13
Free Float(%)	35.1%
3M - Avg daily volume (mn)	4.07
3M - Avg daily value (HK\$ mn)	194.77
3M - Avg daily value (\$ mn)	25.1
HSI	2,1895.40
Exchange Rate	7.75
Fiscal Year End	Dec

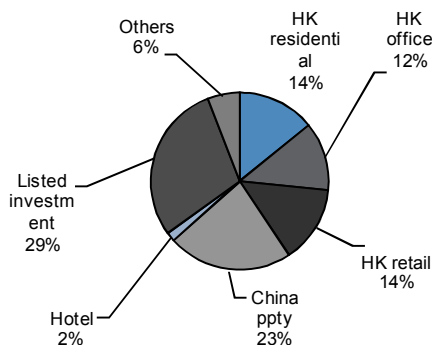
See page 10 for analyst certification and important disclosures, including non-US analyst disclosures.

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Company Description

Henderson Land is a property developer and investor in Hong Kong and China. Apart from property assets, Henderson also holds certain amount of stake in listed companies, these include Hong Kong and China Gas (0003.HK); Hong Kong Ferry (0050.HK); Miramar Hotel (0071.HK); Henderson Investment (0097.HK) and Sunlight REIT (0435.HK). Lee Shau-Kei, who is also the Company's founder, hold 65% stake in the Company.

NAV Breakdown (FY13E)



Source: J.P. Morgan estimates, Company data.

EPS: J.P. Morgan vs consensus

	J. P. Morgan	Consensus
FY13E	2.90	3.09
FY14E	3.16	3.19

Source: Company report, Bloomberg, J.P. Morgan estimates.

NAV sensitivity metrics

	NAV impact (%)
HK residential price growth assumption	
Impact of each +5% change	0.6%
HK office rental assumption	
Impact of each 5% change	1%
HK retail rental assumption	
Impact of each 5% change	1%
Cap rate changes	
Impact of each 50bps change	-1%

Source: J.P. Morgan estimates

Price target and valuation analysis

Our Jun-14 PT is based on 26% discount to Jun-14 NAV. The PT represents NAV discount of 0.5 s.d. below L.T. mean. Downside risks are lower-than-expected contract sales in HK and China and further slowdown in acquisitions of urban development projects.

	FY13E	FY14E
HK residential price chg	-5% to -10%	-5%
HK office rental chg	3-8%	5%
HK retail rental chg	3-8%	3-8%
HK office cap rate	4.75-5.5%	5.0-5.75%
HK retail cap rate	5.25-5.5%	5.5-5.75%

Table 1: HLD - FY13 interim results summary

HK\$ in million, year-end December

	1H12	2H12	1H13	Y/Y chg	Comments	1H13E	Var
Turnover							
Total property sales	4,284	4,424	4,973	16	Mainly recognised sales from Double Cove Ph1	8,017	-38
Total rental income	2,186	2,308	2,455	12	HK rental income went up 11%, China up 16%	2,335	5
Hotels	112	128	96	-14		2,693	-96
Others	594	1,556	1,061	79		2,335	-55
Total Turnover	7,176	8,416	8,585	20		15,379	-44
Total property sales	785	1,521	849	8	Margin lower than expected. Pre-tax profit for China projects at subsidiary level estimated to be 4.5%	1,881	-55
Total rental income	1,518	1,589	1,798	18		1,614	11
Hotels	43	51	28	-35		43	-36
Other businesses	175	633	130	-26		401	-68
Unallocated income / expenses	(450)	(708)	(534)	19		(584)	-9
EBIT	2,071	3,086	2,271	10		3,356	-32
Net interest expenses	(553)	(451)	(373)	-33		(391)	-5
Operating Profit	1,518	2,635	1,898	25		2,965	-36
Associate income	2,254	1,657	2,237	-1		1,981	13
One off gains/losses (asset disposal, etc.)	257	(234)	51	-80		0	n/m
Profit before Tax	4,029	4,058	4,186	4		4,946	-15
Taxation	(376)	(431)	(631)	68		(576)	10
Minority interest	(64)	(118)	(101)	58		(403)	-75
Underlying Net Profit	3,589	3,509	3,454	-4		3,968	-13
Core Net Profit	3,332	3,743	3,403	2		3,968	-14
Underlying EPS	1.50	1.47	1.30	-14		1.56	-16
Core EPS	1.40	1.57	1.28	-8		1.56	-18
DPS	0.32	0.74	0.32	0	Dividend stays flat after the 1-for-10 bonus issue	0.35	-9
Payout	21%	50%	25%	3%		22%	2%
Development margin	18%	34%	17%	-1%		23%	-6%
Rental margin	69%	69%	73%	4%		69%	4%
Effective tax rate	25%	16%	33%			19%	
Net debt	35,989		24,084				
Net gearing	18.9%		11.3%				
Shareholders equity	190,833		212,826				
Net book value per share	80.6		88.1				

Source: Company reports and J.P. Morgan estimates.

Potential NAV enhancement from NENT NDAs proposal

Henderson Land has 2.7 mn sf of farmland in NENT NDAs

In July 2013 the government announced revised proposal of New North East New Territories New Development Areas (“NENT NDAs”) covering two NDAs in Kwu Tung North (“KTN”) and Fanling North (“FLN”). The development will adopt enhanced Conventional New Town Approach with government taking the lead in implementation. The plot ratio of the central areas will be increased from 3.5-5 to 6 times. Henderson Land has site area of 2.7 mn sf in these areas. We believe that majority of the area is located in Wu Nga Lok Yeung.

Potential NAV enhancement of HK\$4-5 bn

The 2.7 mn sf of farmland exposure is divided into two groups: 1) land area of around 0.9 mn sf is eligible for applications for in-situ land exchange and 2) land area of 1.8 mn sf is subject to resumption for public use through cash compensation.

For the first group, modification of lease is allowed if land premium is settled by early 2016. This means the land could potentially be converted into private residential development by paying a land premium. Assuming a plot ratio of 5x and total development cost of HK\$5,500 - 6,000 psf, we estimate that the potential in-situ land exchange could create NAV enhancement of HK\$2.1 to 3.2 bn.

For the second group, it is quite straight forward. We expect the developer to receive the land resumption compensation from the government and give the sites to the government. According to Lands Department data, the current ex-gratia compensation rate is HK\$948 psf. Assuming the entire 1.8 mn sf is resumed, Henderson would receive compensation of HK\$1.7 bn.

Table 2: Henderson Land – Exposure in North East New Territories New Development Areas

	Site area (sf)	Potential NAV enhancement (HK\$)
Land area eligible for applications for in-situ land exchange	~900,000	2.1 - 3.2 bn
Land area subject to resumption for public use through cash compensation	~1,800,000	1.7 bn
Total	~2,700,000	3.8 - 4.9 bn

Source: Company, J.P. Morgan estimates.

Table 3: NENT NDAs Implementation Programme

Date	Programme
3Q 2013	Commence statutory planning procedures
3Q 2014	Submit Outline Zoning Plans to ExCo for approval
2014-2018	Carry out land resumption procedures and compensation and rehousing arrangements for advance works and first stage works
2018-2024	Carry out site formation, infrastructure and development of advance works and first stage works
2022/23	First population intake in New Development Areas
2024-2031	Carry out site formation, infrastructure and development of remaining works
2031	Complete overall development of Kwu Tung North and Fanling North New Development Areas

Source: Development Bureau.

Figure 1: Wu Nga Lok Yeung



Source: J.P. Morgan.

Figure 2: Kwu Tung North – banners commenting on NENT development



Source: J.P. Morgan.

Upcoming launches

In 1H13, the company has generated attributable property sales and pre-sales of HK\$9,901mn, of which HK\$5,889 mn was from HK (including commercial properties sales) and HK\$4,012 mn from China. The major volume contribution was The Reach in Yuen Long, where a total of 1,251 units were sold YTD in 2013. After the implementation of the Residential Properties (First-hand Sales) Ordinance on 29 April 2013, the project was re-launched in mid-July and a total of 317 units (12% of whole project) were sold so far. Attributable sales revenue of the project, amounted to HK\$5,787 mn, is expected to be recognized in 2H13.

In 2H13, there are 4 projects in the pipeline for potential launch, including three old buildings redevelopment projects and Double Cove Phase 2, which could be launched together with the re-launch of the remaining units of Phase 1. The company has 17 newly-acquired urban redevelopment projects with ownership fully consolidated with a total attributable GFA of 1.2 mn sf for potential launch from 2014 onwards.

Table 4: HK residential sales YTD

Project	HLD's interest (%)	Total no. of units	Initial launch	No. of units sold				Inventories at 18/8/13	Expected completion
				1/1/13 - 28/4/13	29/4/13 - 30/6/13	1/7/13 - 18/8/13	YTD 2013		
Double Cove (Phase 1)	59	928	Sep-12	73	-	-	73	213	Completed
The Reach	79.03	2,580	Oct-12	934	-	317	1,251	748	2H13
High Place	100	76	Jan-13	39	-	-	39	37	4Q14
High Point	100	138	Jan-13	25	-	-	25	113	2Q/3Q14
Green Code*	31.36	728	Mar-13	458	75	41	574	154	4Q13/1Q14

Source: Company. *Green Code is a wholly owned development by HK Ferry, a listed associate of HLD.

Table 5: HK projects pending sales in 2H13

Project name and location	Use	HLD's interest (%)	No. of res. Units	Attr. GFA (sf)		Expected completion
				C	R	
Double Cove (Phase 2), 8 Wu Kai Sha Road, Ma On Shan	R	59	865		376,791	4Q13/1Q14
1-7A Gordon Road, North Point	C/R	100	119	5,383	56,218	4Q15/1Q16
High Park Grand, 68 Boundary Street	C/R	100	41	10,125	50,625	4Q14/1Q15
High Park, 51 Boundary Street	C/R	100	59	8,820	44,099	1H15
Total			1,084	24,328	527,733	

Source: Company. Note: C – Commercial; R = Residential.

Table 6: Newly-acquired Urban Redevelopment Projects - Ownership Fully Consolidated

Project name and location	HLD's interest (%)	Site area (sf)	Expected attr. GFA upon redevelopment (sf)		
			Inv. Prop.	Expected ready for sale	
				2014	2015 or onwards
Hong Kong					
19-35 Shing On Street and 15 Tai Shek Street, Sai Wan Ho	100	7,514	-	79,478	-
23-25 Robinson Road, Mid-Levels	25.07	31,380	-	39,334	-
1-11 Lai Yin Street and 2-12 Jones Street, Tai Hang	70	6,529	-	45,686	-
208-210 Johnston Road, Wanchai	100	1,939	29,085	-	-
62-76 Main Street, Ap Lei Chau	100	7,953	-	65,763	-
Subtotal		55,315	29,085	230,261	0
Kowloon					
11-33 Li Tak Street, Tai Kok Tsui	100	19,600	-	165,340	-
2-12 Observatory Road, Tsim Sha Tsui	50	13,764	82,533	-	-
38-40A Hillwood Road, Tsim Sha Tsui	100	4,586	55,032	-	-
196-202 Ma Tau Wai Road, To Kwa Wan	100	4,905	-	41,718	-
50-56 and 58-64 Ma Tau Kok Road and 162-168 Pau Chung Street, To Kwa Wan	100	11,404	-	-	101,791
1-15 Berwick Street, Shek Kip Mei	100	9,788	-	-	78,304
59-63 Wing Hong Street and 88-92 King Lam Street, Cheung Sha Wan	100	28,004	-	-	336,045
342-348 Un Chau Street, Cheung Sha Wan	100	4,579	-	-	38,922
352-354 Un Chau Street, Cheung Sha Wan	100	2,289	-	-	19,457
11-19 Wing Lung Street, Cheung Sha Wan	100	6,510	-	58,547	-
565-577 Fuk Wah Street, Cheung Sha Wan	100	7,560	-	63,788	-
186-198 Fuk Wing Street, Sham Shui Po	100	7,500	-	63,282	-
Subtotal		120,489	137,565	392,675	574,519
Total		175,804	166,650	622,936	574,519

Source: Company.

Change in earnings estimates

We are adjusting down our earnings estimates for FY13E/14E/15E by 6%/3%/2% respectively to reflect the lower-than-expected China property development margin. Our DPS estimates are also revised down accordingly.

Table 7: HLD - Earning and NAV estimate change

	2013E	2014E	2015E
Core net profit			
Old	8,217	8,744	9,050
New	7,701	8,473	8,877
% change	-6%	-3%	-2%
Core EPS			
Old	3.22	3.26	3.37
New	2.90	3.16	3.31
% change	-10%	-3%	-2%
DPS			
Old	1.25	1.20	1.20
New	1.06	1.06	1.06
% change	-15%	-12%	-12%
NAV	Dec-13	Dec-14	
Old	83.9	84.6	
New	82.4	83.2	
% change	-1.7%	-1.7%	

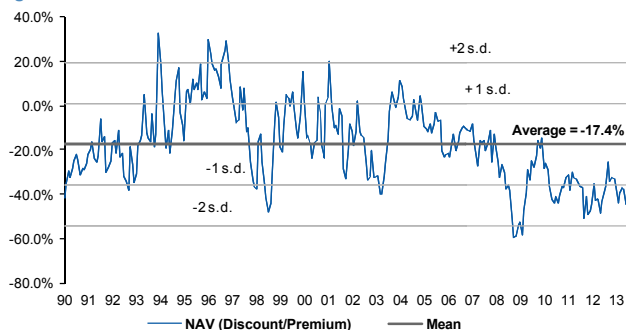
Source: J.P. Morgan estimates.

Table 8: HLD - NAV breakdown

Business	Dec-13 (HK\$m)	(HK\$/sh)	% of total GAV	Dec-14 (HK\$m)	(HK\$/sh)	% of total GAV
Hong Kong Property Development						
Lux Res	14,211	5.3	5%	14,211	5.3	5%
Mass Res	15,763	5.9	6%	15,763	5.9	6%
Office/Industrial	161	0.1	0%	161	0.1	0%
Total Property Development	30,135	11.2	12%	30,135	11.2	12%
Agricultural land	10,750	4.0	4%	10,750	4.0	4%
Hong Kong Investment Property						
Office	32,521	12.1	12%	33,587	12.5	13%
Commercial/Retail	36,899	13.8	14%	37,361	13.9	14%
Industrial	2,636	1.0	1%	2,527	0.9	1%
Residential	6,913	2.6	3%	6,459	2.4	2%
Carparks	1,954	0.7	1%	1,962	0.7	1%
Hotels	4,457	1.7	2%	4,624	1.7	2%
HK Investment Property	85,381	31.8	33%	86,519	32.2	33%
China property						
China development property	13,001	4.8	5%	13,001	4.8	5%
China inv't pty - existing	45,460	16.9	17%	46,367	17.3	18%
China investment property - under development	928	0.3	0%	928	0.3	0%
China Property	59,388	22.1	23%	60,296	22.5	23%
Total property	185,655	69.2	71%	187,700	69.9	72%
Investments						
Hong Kong & China Gas (0003.HK)	70,903	26.4	27%	70,903	26.4	27%
Hong Kong Ferry (0050.HK)	845	0.3	0%	845	0.3	0%
Miramar Hotel (0071.HK)	2,516	0.9	1%	2,516	0.9	1%
Henderson Investment (0097.HK)	1,202	0.4	0%	1,202	0.4	0%
Sunlight REIT (0435.HK)	588	0.2	0%	588	0.2	0%
Total Investments/Other	76,053	28.3	29%	76,053	28.3	29%
Total gross asset value	261,708	97.5	100%	263,754	98.3	101%
Est Gross Interest Bearing Debt	(41,618)			(41,618)		
Assoc/JCE debt	(13,300)			(13,300)		
Less Cash & Short Term Deposits	14,390			14,390		
Est Net Interest Bearing Debt	(40,528)	(15)		(40,528)	(15)	
Total Net Asset Value	221,180	82.4		223,226	83.2	

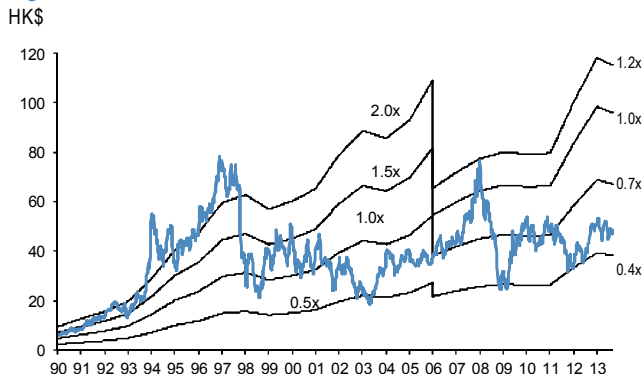
Source: J.P. Morgan estimates.

Figure 3: HLD - NAV discount chart



Source: Company data, J.P. Morgan estimates.

Figure 4: HLD - P/BV band chart



Source: J.P. Morgan estimates, Company data, Bloomberg.

Henderson Land Development: Summary of Financials

Income Statement					Cash flow statement				
HK\$ in millions, year end Dec	FY11	FY12	FY13E	FY14E	HK\$ in millions, year end Dec	FY11	FY12	FY13E	FY14E
Revenues	15,188	15,592	23,828	30,977	EBIT	4,164	5,157	6,262	6,670
% change Y/Y	114.2%	2.7%	52.8%	30.0%	Depr. & amortization	200	211	220	232
EBIT	4,164	5,157	6,262	6,670	Change in working capital	(4,288)	(1,414)	(1,734)	(1,647)
% change Y/Y	156.7%	23.8%	21.4%	6.5%	Others	(1,296)	(1,609)	(1,213)	(2,163)
EBIT Margin	27.4%	33.1%	26.3%	21.5%	Cash flow from operations	176	4,286	4,974	4,896
Net Interest	(980)	(1,004)	(815)	(1,014)	Capex	(471)	(498)	(1,000)	(1,000)
Earnings before tax	6,808	8,087	9,574	10,305	Disposal/(purchase)	537	1,070	0	0
% change Y/Y	24.3%	18.8%	18.4%	7.6%	Net Interest	(1,551)	(1,619)	(1,743)	(2,118)
Tax	(1,128)	(807)	(1,107)	(1,131)	Free cash flow	2,268	5,478	4,694	4,798
as % of EBT	16.6%	10.0%	11.6%	11.0%	Equity raised/(repaid)	10,026	0	0	0
Net income (reported)	5,560	7,098	7,701	8,473	Debt raised/(repaid)	5,068	(5,615)	10,000	10,000
% change Y/Y	10.3%	27.7%	8.5%	10.0%	Other	(4,403)	(2,406)	0	0
Core net profit	5,484	7,075	7,701	8,473	Dividends paid	(1,655)	(533)	(2,913)	(2,943)
% change Y/Y	45.9%	29.0%	8.8%	10.0%	Beginning cash	9,752	18,803	12,456	23,516
Shares outstanding	2,369	2,415	2,684	2,684	Ending cash	18,803	12,456	23,516	34,469
EPS (reported) (HK\$)	2.41	2.97	2.90	3.16	DPS (HK\$)	1.00	1.06	1.06	1.06
% change Y/Y	3.2%	23.5%	(2.5%)	8.9%					
Core EPS (HK\$)	2.38	2.97	2.90	3.16					
% change Y/Y	36.5%	24.8%	(2.2%)	8.9%					
Balance sheet					Ratio Analysis				
HK\$ in millions, year end Dec	FY11	FY12	FY13E	FY14E	%, year end Dec	FY11	FY12	FY13E	FY14E
Cash and cash equivalents	19,364	14,390	23,516	34,469	EBIT margin	27.4%	33.1%	26.3%	21.5%
Accounts receivable	4,495	5,814	5,649	5,418	Net margin	36.1%	45.4%	32.3%	27.4%
Inventories	76,637	82,048	87,997	92,688	SG&A/Sales	-	-	-	-
Others	0	0	0	0	Sales per share growth	100.3%	(0.7%)	37.3%	28.7%
Current assets	100,496	102,252	117,161	132,575	Sales growth	114.2%	2.7%	52.8%	30.0%
LT investments	-	-	-	-	Net profit growth	45.9%	29.0%	8.8%	10.0%
Net fixed assets	92,771	101,072	107,882	106,536	EPS growth	36.5%	24.8%	(2.2%)	8.9%
Total Assets	262,470	281,557	306,918	326,368	Interest coverage (x)	4.5	5.3	8.0	6.8
Liabilities					Net debt to total capital	16.1%	13.7%	13.4%	12.8%
ST loans	19,699	3,372	3,372	3,372	Net debt to equity	19.2%	15.9%	15.5%	14.7%
Payables	4,367	6,473	6,709	6,938	Sales/assets	0.1	0.1	0.1	0.1
Others	4,663	8,792	12,936	15,981	Assets/equity	1.4	1.4	1.4	1.4
Total current liabilities	28,729	18,637	23,016	26,291	ROE	3.2%	3.6%	3.7%	3.9%
Long-term debt	36,041	44,371	54,371	64,371	ROCE	1.5%	1.9%	2.1%	2.1%
Other liabilities	7,775	8,648	8,648	8,648					
Total Liabilities	72,545	71,656	86,035	99,310					
Shareholder's equity	185,336	205,212	216,291	222,565					
BVPS	78.25	84.98	80.60	82.94					

Source: Company reports and J.P. Morgan estimates.

JPM Q-Profile

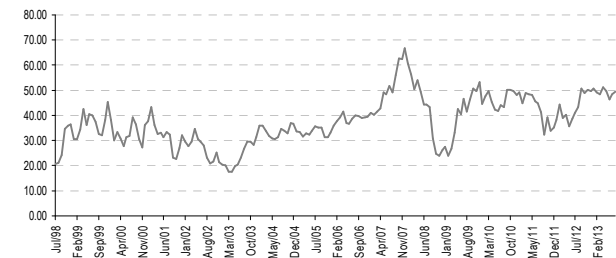
Henderson Land Development Co. Ltd. (HONG KONG / Financials)

As Of: 16-Aug-2013

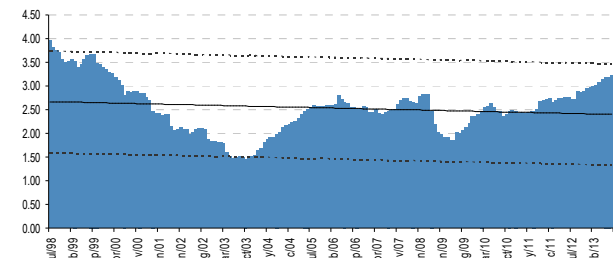
Global Equity Quantitative Analysis

Quant_Strategy@jpmorgan.com

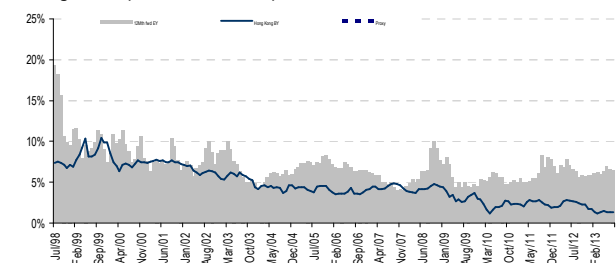
Local Share Price Current: **49.45**



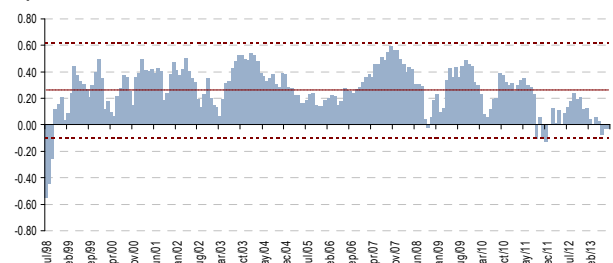
12 Mth Forward EPS Current: **3.23**



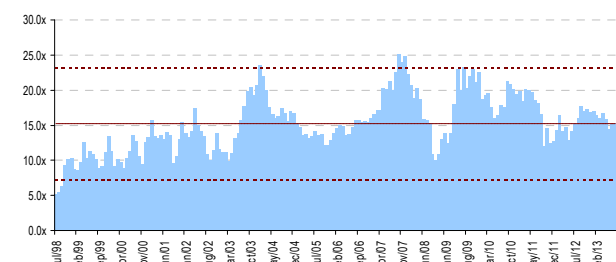
Earnings Yield (& local bond Yield) Current: **7%**



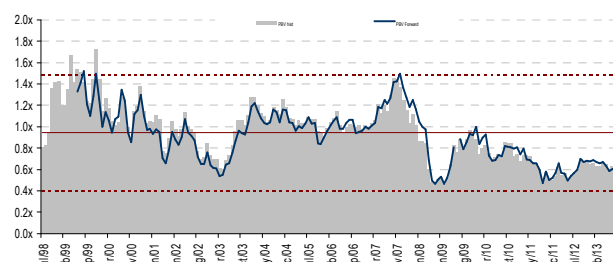
Implied Value Of Growth* Current: **-3.09%**



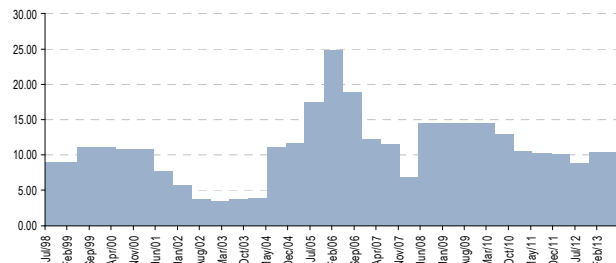
PE (1Yr Forward) Current: **15.3x**



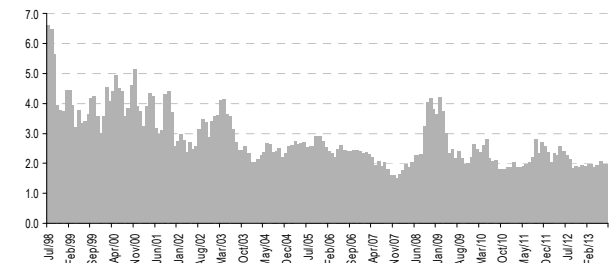
Price/Book Value Current: **0.6x**



ROE (Trailing) Current: **10.35**



Dividend Yield (Trailing) Current: **1.99**



Summary

Henderson Land Development Co. Ltd.		SEDOL		6420538		As Of:		16-Aug-13			
HONG KONG						Local Price:		49.45			
Financials						EPS:		3.23			
	Latest	Min	Max	Median	Average	2 S.D.+	2 S.D. -	% to Min	% to Max	% to Med	% to Avg
12mth Forward PE	15.33x	5.20	25.18	15.04	15.25	23.20	7.30	-66%	64%	-2%	-1%
P/BV (Trailing)	0.64x	0.46	1.72	0.98	0.94	1.48	0.41	-27%	169%	53%	47%
Dividend Yield (Trailing)	1.99	1.50	6.62	2.54	2.83	4.70	0.96	-25%	233%	28%	42%
ROE (Trailing)	10.35	3.53	24.84	10.79	10.85	20.00	1.70	-66%	140%	4%	5%
Implied Value of Growth	-3.1%	-0.55	0.60	0.28	0.26	0.62	-0.09	-1692%	2026%	1009%	951%

Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, J.P. Morgan Calcs

* Implied Value Of Growth = (1 - EY/Cost of equity) where cost of equity = Bond Yield + 5.0% (ERP)

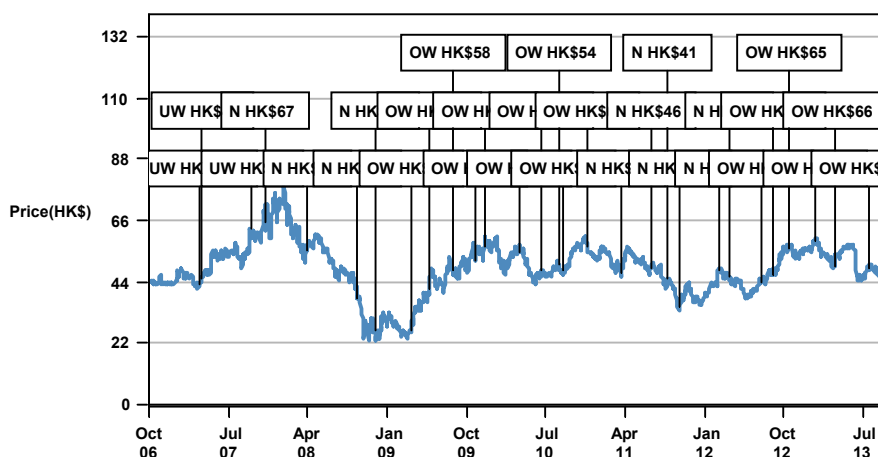
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Henderson Land Development (0012.HK, 12 HK) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Mar 21, 2007.

Date	Rating	Share Price (HK\$)	Price Target (HK\$)
21-Mar-07	UW	43.35	41.50
28-Mar-07	UW	45.50	42.00
17-Sep-07	UW	63.10	59.00
07-Nov-07	N	65.20	67.00
27-Mar-08	N	55.60	57.00
19-Sep-08	N	37.80	35.00
17-Nov-08	N	26.90	31.00
20-Mar-09	OW	26.90	36.00
26-May-09	OW	41.95	46.00
12-Aug-09	OW	48.15	58.00
30-Oct-09	OW	51.90	62.00
01-Dec-09	OW	56.70	64.00
31-Mar-10	OW	54.70	69.00
17-Jun-10	OW	47.80	58.00
16-Aug-10	OW	50.05	54.00
27-Aug-10	OW	47.75	55.00
21-Nov-10	OW	56.75	63.00
18-Mar-11	N	47.45	55.00
26-Jun-11	N	48.50	46.00
26-Aug-11	N	44.90	41.00
07-Oct-11	N	34.90	38.50
16-Feb-12	N	48.15	52.00
22-Mar-12	N	46.05	53.00
10-Jul-12	OW	44.15	53.00
23-Aug-12	OW	46.85	55.00
16-Oct-12	OW	56.00	65.00
17-Jan-13	OW	58.80	67.00
26-Mar-13	OW	49.25	66.00

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IB clients*	76%	66%	55%

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