

30 October 2019

Property | Industrial Estates

Bekasi Fajar Industrial Estate (BEST IJ)

Buy

Premium Land Price a Strong Catalyst; BUY

Target Price (Return)	IDR330 (+28%)
Price:	IDR258
Market Cap:	USD177m
Avg Daily Turnover	3,285m/0.2m

- **We initiate coverage on BEST with a BUY and TP of IDR330, 28% upside plus c.3% yield**, premised on its undemanding valuation, and the more strategic location of its industrial estate vs peers under our coverage. Currently, BEST is trading at 5.6x FY19F P/E, with 11% ROE. BEST offers a premium ASP and better profitability over its peers, DMAS and SSIA.
- **Best location compared to DMAS and SSIA.** Bekasi Fajar Industrial Estate's MM2100 industrial estate has the most convenient location vs peers (Putradelta Lestari and Surya Semesta Internusa). The estate is located just 30km from Jakarta's central business district (CBD), 43km from Tanjung Priok Port and 64km from Soekarno-Hatta International Airport. When the new Jakarta Outer Ring Road (JORR) II toll road project is finished, it will shorten the travelling time from Tanjung Priok Port.
- **Well-diversified top-tier MNC and local tenants.** BEST has a well-diversified and superior tenant mix due to its competitive location. It has an established tenant base comprising auto manufacture giants in Indonesia such as Astra, Mitsubishi, Yamaha, and Kawasaki, as well as leading fast-moving consumer goods (FMCG) companies.
- **Premium price over peers.** BEST commands the highest price compared to peers due to its more strategic location. As at FY18, BEST's ASP reached IDR3.0m/sqm, much higher than DMAS' ASP of c.IDR2.0m/sqm and SSIA of c.IDR1.7m/sqm. Given that its industrial estate is well-situated within the limited space in Bekasi, we think it is fair for the company to charge a higher rate. BEST still has c.700ha of landbank available, of which 150ha is ready for sale while the remainder is raw landbank.
- **Soft marketing sales for now.** As at 9M19, BEST booked only 1ha of marketing sales compared to 6ha last year. For FY19, BEST guided 30ha of marketing sales, but we think this will likely miss. Marketing sales should pick up in 4Q19 as the company usually books the bulk of its marketing sales in the last quarter. We believe next year will be a much stronger year for industrial estates as there is not yet significant FDI inflow in the first half of the year. With more reformation in the country's industrial landscape and a more investor-friendly investment climate, Indonesia should attract more FDI, and BEST obtain a piece of that pie.
- **Healthy balance sheet and solid ROE.** Although BEST only booked 1ha of marketing sales for this year, it still has a healthy balance sheet, despite being the most leveraged among peers, with a net debt to equity ratio of only 0.15x. On top of a healthy balance sheet, BEST delivered 10% ROE in FY18, higher than DMAS' 7% and SSIA's 1%. In our view, BEST will continue to maintain its double-digit ROE considering its premium price compared to peers.

Analysts

Andre Benas
+6221 2970 7066
christopher.benas@rhbgroup.com



Ghibran Al Imran
+6221 2970 7064
ghibran.imran@rhbgroup.com



Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	24.0	(3.0)	(19.4)	(11.0)	73.2
Relative	22.6	(4.4)	(19.1)	(8.8)	64.0
52-wk Price low/high (IDR)					137 – 338



Source: Bloomberg

Forecasts and Valuation	Dec-17	Dec-18	Dec-19F	Dec-20F	Dec-21F
Total turnover (IDRb)	1,006	963	997	830	994
Recurring net profit (IDRb)	483	423	439	340	434
Recurring net profit growth (%)	(46.3)	(12.6)	3.8	(22.5)	27.5
Recurring EPS (IDR)	50	44	45	35	45
DPS (IDR)	10.0	8.7	9.1	7.1	9.0
Recurring P/E (x)	5.1	5.9	5.7	7.3	5.7
P/B (x)	0.6	0.6	0.5	0.5	0.5
Dividend Yield (%)	3.9	3.4	3.5	2.7	3.5
EV/EBITDA (x)	5.7	5.9	5.6	6.6	5.5
Return on average equity (%)	12.6	10.1	9.7	7.1	8.4
Net debt to equity (%)	16.3	15.2	7.4	2.1	(3.7)

Source: Company data, RHB

30 October 2019

Property | Industrial Estates

Financial Exhibits

Asia		Financial Summary	2017	2018	2019F	2020F	2021F
Indonesia		Recurring EPS (IDR)	50	44	45	35	45
Property – Industrial Estate		EPS (IDR)	50	44	45	35	45
Surya Semesta Internusa		DPS (IDR)	10	9	9	7	9
		BVPS (IDR)	399	432	469	495	533
		Weighted Avg Adjusted Shares (m)	9,647	9,647	9,647	9,647	9,647
Major shareholders (%)		Valuation Metrics	2017	2018	2019F	2020F	2021F
PT Argo Manunggal Land	48.13	Recurring P/E (x)	5.1	5.9	5.7	7.3	5.7
Daiwa House Industry	10.00	P/E (x)	5.1	5.9	5.7	7.3	5.7
HSBC Holdings	6.23	P/B (x)	0.6	0.6	0.5	0.5	0.5
Value Partners group	6.16	Dividend Yield (%)	3.9	3.4	3.5	2.7	3.5
		EV/EBITDA (x)	5.7	5.9	5.6	6.6	5.5
		EV/EBIT (x)	5.8	6.1	5.8	6.9	5.8
Valuation basis		Income Statement (IDRb)	2017	2018	2019F	2020F	2021F
We derive our IDR330 TP based on SOTP methodology and applying 65% discount to NAV (mean of its 5-year historical range). We used DCF (12.3% WACC) for the recurring income portion which is a very small part of the company revenue.		Total Turnover	1,006	963	997	830	994
		Gross Profit	721	691	716	596	714
		EBITDA	611	588	621	523	625
		Depreciation and Amortisation	12	11	21	24	27
		Operating Profit	599	570	600	499	598
		Net Interest	(140)	(141)	(136)	(137)	(139)
		Other Income	24	1	1	1	1
		Pre-Tax Profit	488	427	446	347	441
		Taxation	(5)	(5)	(7)	(7)	(8)
		Minority Interests	483	423	439	340	434
		Net Profit					
		Cash Flow (IDRb)	2017	2018	2019F	2020F	2021F
		Change in Working Capital	(173)	584	393	349	453
		Cash Flow from Operations	170	362	423	366	437
		Capex	-	(62)	(69)	(69)	(69)
		Cash Flow from Investing Activities	106	(19)	12	(69)	(69)
		Cash Flow from Financing Activities	(216)	283	(156)	(14)	24
		Cash at Beginning of Period	442	502	1,129	1,407	1,690
		Net Change in Cash	59	626	279	283	392
		Ending Balance Cash	502	1,407	1,690	2,082	-
		Balance Sheet (IDRb)	2017	2018	2019F	2020F	2021F
		Total Cash and Equivalents	502	1,129	1,407	1,690	2,082
		Tangible Fixed Assets	163	181	198	213	226
		Advance for Land Acquisitions	260	232	240	200	239
		Investment in Associates	123	-	-	-	-
		Total Other Assets	4,671	4,749	4,781	4,798	4,858
		Total Assets	5,719	6,290	6,625	6,901	7,405
		Total Long-Term Debt	1,130	1,763	1,743	1,791	1,890
		Other Liabilities	741	355	357	332	371
		Total Liabilities	1,871	2,118	2,099	2,122	2,261
		Shareholders' Equity	3,845	4,172	4,526	4,778	5,144
		Minority Interests	0	(0)	-	-	-
		Total Equity	3,848	4,172	4,526	4,778	5,144
		Net Debt	628	635	335	100	(192)
		Total Liabilities & Equity	5,719	6,290	6,625	6,901	7,405
		Key Metrics	2017	2018	2019F	2020F	2021F
		Revenue Growth (%)	22%	-4%	4%	-17%	20%
		Recurrent EPS Growth (%)	-46%	-13%	4%	-22%	28%
		Gross Margin (%)	72%	72%	72%	72%	72%
		EBITDA Margin (%)	61%	61%	62%	63%	63%
		Net Profit Margin (%)	48%	44%	44%	41%	44%
		Dividend Payout Ratio (%)	0%	-20%	-20%	-20%	-20%
		Capex / Sales (%)	0%	6%	7%	8%	7%
		Interest Cover (x)	4.3	4.0	4.4	3.6	4.3
			2017	2018	2019F	2020F	2021F

Source: Company data, RHB

30 October 2019

Property | Industrial Estates

Investment Summary

We initiate coverage on BEST with a BUY and 12-month TP of IDR330. BEST is an industrial estate company, with a market cap of IDR175.94m and trading liquidity of USD170.55 per day. Our TP is derived by applying a 65% discount to its NAV (mean of its 5-year historical range), and offers a 28% upside from the current level.

BEST is 48.1% owned by The Nin King & family – the same family that owns Alam Sutera Realty (ASRI IJ, SELL, TP: IDR260). Daiwa House Industry, a prominent developer in Japan, owns 10%, while the remainder is publicly owned.

Three reasons why we like BEST:

- i. Strategic location compared to other industrial estates which allows them to charge a premium land price;
- ii. High GPM compared to peers;
- iii. Healthy balance sheet with low gearing of 18% and double-digit ROE. In FY18, BEST achieved 10% ROE, much higher than peers.

The stock is trading at an undemanding valuation of 5.6x FY19F P/E, and 72% discount to NAV.

Best location among DMAS and SSIA. The MM2100 is the most conveniently located industrial estate among its peers. It is located just 30km from the CBD, 43km from Tanjung Priok Port and 64km from Soekarno-Hatta International Airport. Furthermore, the completion of the new JORR II toll road project will shorten the travelling time from Tanjung Priok Port.

Premium pricing among peers. Considering its strategic location, BEST charges the highest rate among its competitors in Bekasi. As at FY18, BEST's ASP reached IDR3m per sqm – this is much higher than DMAS' IDR2.4m per sqm and SSIA's IDR1.7m per sqm. We think the higher price is justifiable considering its strategic location within the limited space in Bekasi. BEST's location is suitable for many logistic players as it is closer to population centres such as Bekasi and Jakarta. The premium price translates to higher profitability for the company. As such, BEST's GPM is among the highest among peers, at 71% in FY18. We expect they will maintain a similar profitability level going forward and may exceed it if their marketing sales volume picks up. BEST also recorded a healthy ROE of 10% in FY18 and a low gearing ratio. The company stated that they have enough cash flow to cover its operations and does not intend to take more loans in the coming future.

Valuation rationale. We derive our IDR330 TP based on the SOP methodology and applying a 65% discount to NAV. We used DCF (12.3% WACC) for the recurring income portion, which comprises a very small part of revenue.

The closest industrial estate to Jakarta. The MM2100 is located in the Bekasi Timur area, which is the closest industrial estate to Jakarta ie 30km from Jakarta central business district (CBD), 43km from Tanjung Priok Port, and 64km from Soekarno-Hatta International Airport.

Figure 1: MM2100 location



Source: Company, RHB

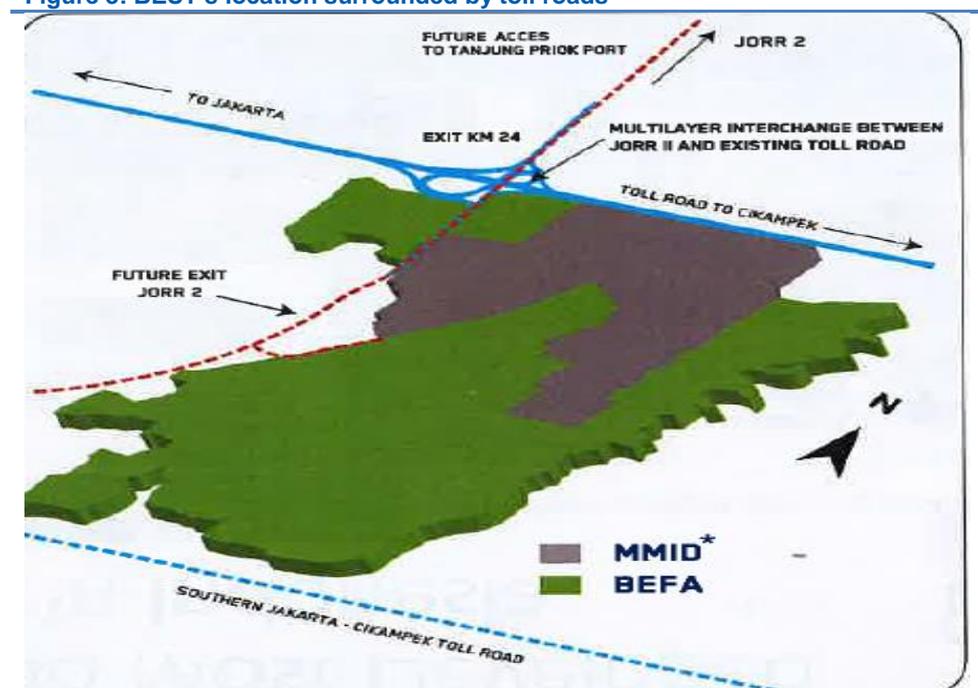
Figure 2: Distance comparison with industrial peers

Listed Companies	Approximate Distance with Existing Access (km)		
	CBD	Port	Airport
Bekasi Fajar Industrial Estate (BEST)	30	43	64
Jababeka Industrial Estate (KIJA)	38	51	72
Lippo Cikarang (LPCK)	40	52	73
Puradelta Lestari (DMAS)	42	54	75
Surya Semesta Internusa (SSIA)	60	72	93

Source: Company data, RHB

Strategic location close to Jakarta. The MM2100 is located in East Bekasi, close to Jakarta. It is the most conveniently located industrial estate compared to DMAS and SSIA, located just 30km from the CBD, 43km from Tanjung Priok Port and 64km from the Soekarno-Hatta International Airport. Furthermore, the completion of the new JORR II toll road project will shorten the travelling time from Tanjung Priok Port.

Figure 3: BEST's location surrounded by toll roads



Source: Company, RHB

Pure industrial estate player

BEST is a pure industrial estate player, focusing only on selling industrial land plots. Unlike DMAS and SSIA, it does not sell any residential or commercial plots. The only commercial areas in BEST are for its hotel and office tower. The remaining plots are for its tenants and its industrial complex.

Management's experience and expertise are another positive factor. The owner of BEST is also the owner of ASRI, and has experience in township development in Tangerang, Jakarta. On top of that, BEST is also 10%-owned by Daiwa House Industry, Japan's largest homebuilder.

Figure 4: Ownership structure of the company



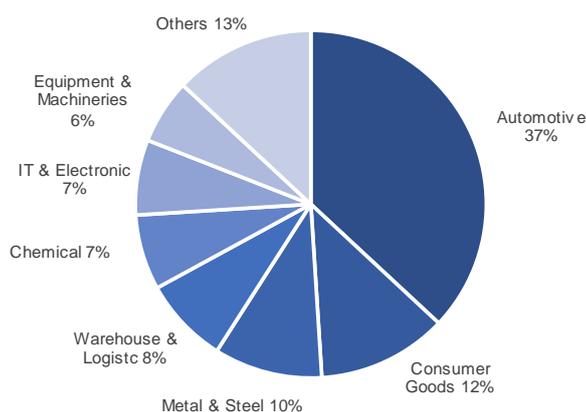
Source: Company

Manufacturing ecosystem

BEST has more than 350 tenants at the MM2100 – much higher than SSIA and DMAS. The estate has a well-established ecosystem, which creates closer channels between suppliers and customers. More than 37% of the tenants are related to the automotive industry, which is the bread and butter of industrial estates in the Jakarta-Cikampek area. BEST also has a very good mixture of F&B tenants such as Indofood, Mayora, Diamond, Nippon Indosari, and Ultrajaya.

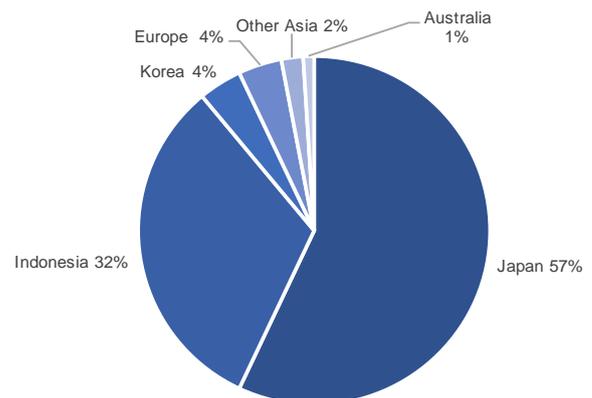
In terms of tenant mix by country, 57% of BEST’s tenants come from Japan, followed by Indonesia at 32%. In the industrial estate landscape, new investors will usual go where the existing ecosystem is already established. BEST and SSIA have a higher Japanese tenant concentration. Chinese investors are more skewed towards DMAS, while Koreans tend to operate in Lippo Cikarang. We believe BEST will benefit if the FDI inflow from Japan continues to be strong.

Figure 5: BEST’s tenants by industry



Source: Company data

Figure 6: BEST’s tenants by country of origin



Source: Company data

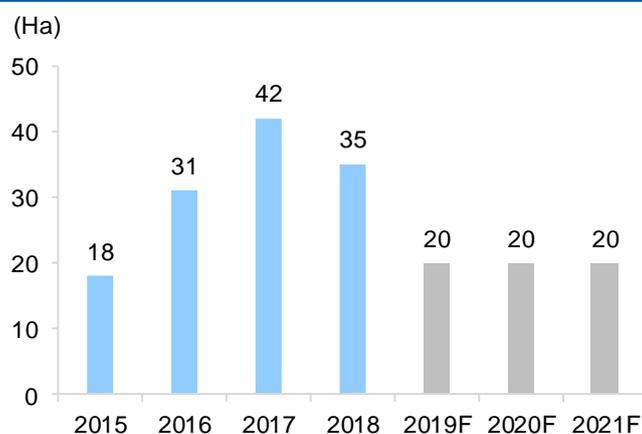
Financial Forecasts And Key Earning Drivers

Steady marketing sales translates to steady revenue growth

BEST's marketing sales have been steadily picking up since 2015, reaching a peak of 42ha in 2017. However, in 9M19, BEST booked only 1ha in marketing sales compared to 6ha in the previous year. Management guided 30 ha of marketing sales this year, but we think this will likely be missed. Nevertheless, we believe 4Q19 marketing sales will pick up as company usually booked bulk marketing sales during 4Q, but will still be below guidance as they have lost the majority of 9M19. At the analyst briefing, BEST said that it received many enquiries during the year up until June, but no serious commitments from potential investors. Enquiries came from a mix of local and foreign investors.

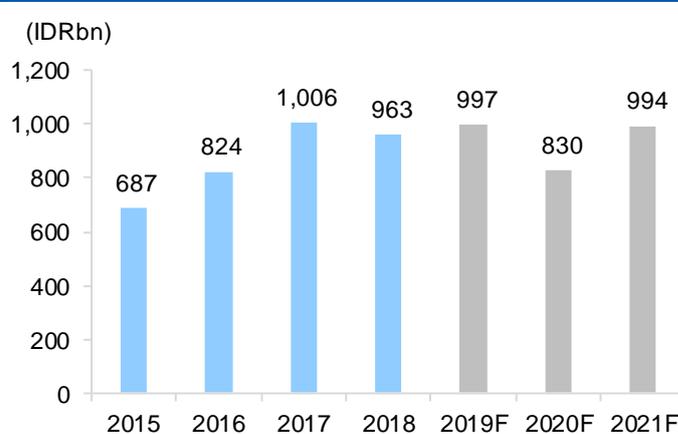
Revenue has not seen any significant jump from 2015, only growing by a CAGR of 9% in 2015-2018. We expect that revenue to drop in FY20F if BEST is not able to make up for this year's marketing sales, as we believe FY19F revenue will be supported by a carry-over from last year sales. However, if the FDI momentum should maintain by next year, we think that BEST will benefit from higher marketing sales in FY20F and FY21F. It currently has c.700ha of undeveloped land, of which 150ha is ready for sale.

Figure 7: BEST's marketing sales



Source: Company data, RHB

Figure 8: BEST's revenue



Source: Company data, RHB

Healthy profitability

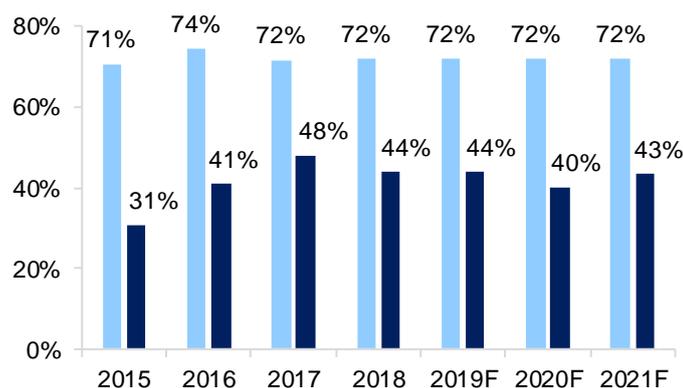
As a result of BEST's simple business model, which only focuses on selling industrial estate land, its GPM is very steady. Since 2015, BEST has maintained GPM of above 70%, reaching a peak of 74% in 2016, and 72% from then onwards. We think that its land price is considered premium among its peers and that this is good for margins. From our discussion with management, it believes that land is scarce, and it thinks investors, whom invest in Indonesia, are in for a bargain.

We can see that BEST's ASP is always above market price due to its proximity to Jakarta. With healthy profitability and moderate leverage, BEST should be able to maintain net profit margin of c.44% in FY18, and we believe this will continue going forward.

30 October 2019

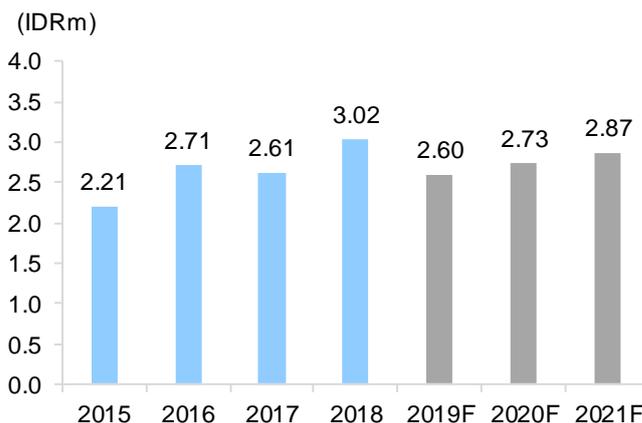
Property | Industrial Estates

Figure 9: BEST's profitability



Source: Company data, RHB

Figure 10: BEST's ASP



Source: Company data, RHB

Valuation Rationale

We used NAV for the bulk of its industrial estate development assets. Our TP of IDR330 applies a 65% discount to NAV around its five-year historical mean. We think that the value is justified considering it has the most strategic location compared to its competitors. We also believe BEST will benefit from the FDI inflow coming into Indonesia.

Figure 11: BEST's NAV valuation

Property Estates	Landbank Left (Net)	Price / sqm	market value	ownership	NAV	NAV/Share
MM2100	150	3,000	3,900	100%	3,900	404
Raw Land bank	546	800	4,368	100%	4,408	457
Total Land Value					8,308	
Total Nav After Tax 5%					7,893	818
Recurring Revenue					1,636	170
Total					9,529	988
Add Cash					1,407	
- Debt					-1,826	
- Cash Advances					-20	
Net Asset Value					9,090	942
Market Price						258
Discount to NAV						-73%
Target Price						330
Target Discount						65%
Upside						28%

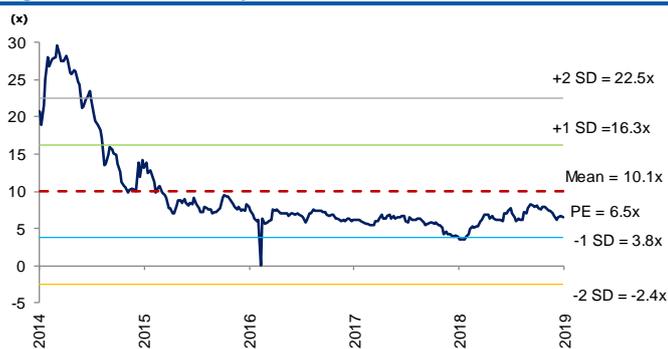
Source: RHB, Company

Currently, BEST is trading at 5x FY19F P/E, cheaper than its peers and sector average of 15x. BEST recorded a healthy ROE of 10% in FY18, better than sector average of 8%. The high ROE is largely thanks to the premium price of its industrial estate land, which drives higher profitability, among other factors.

30 October 2019

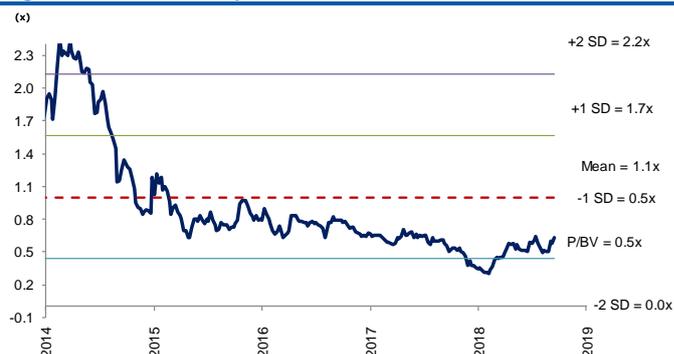
Property | Industrial Estates

Figure 12: BEST's 5-year P/E band



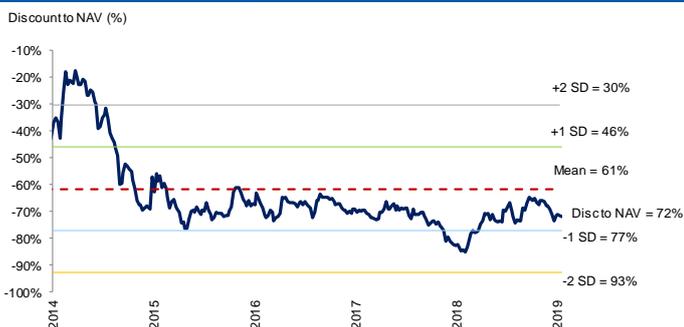
Source: Bloomberg, RHB

Figure 13: BEST's 5-year P/BV band



Source: Bloomberg, RHB

Figure 14: BEST's 5-year discount to NAV band



Source: Bloomberg, RHB

Downside Risks

- i. **Macroeconomic uncertainty.** Macroeconomic volatility, leading to slower global GDP growth – as well as for Indonesia – which could lead to slower FDI inflow for Indonesia and affect the marketing sales of industrial estates;
- ii. **Regulatory risk.** Unexpected implementation of government regulations such as delay in tax holiday for new investments, or any additional legislative regulation that can hamper investment in Indonesia;
- iii. **Political risk.** An unstable political environment during President Jokowi's second term could dampen Indonesia's FDI attractiveness, as we have seen before during the election year.

30 October 2019

Property | Industrial Estates

Management Team

Figure 15: Board of directors

Name	Position	Description
<p>Yoshihiro Kobi</p> 	President director	Yoshihiro Kobi has served as president director and independent director since 2015, and previously served as an independent director. He was general manager of the Overseas Real Estate Development Department, Marubeni Corporation, Head Office (April 2012-December 2012); president director of Megalopolis Manunggal Industrial Development (2009-2012); chief operating officer of Antartica Properities (India, 2008-2009); deputy general manager of the Overseas Real Estate Development Department, Marubeni Corporation, Head Office (2007-2008) and president director of Megalopolis Manunggal Industrial Development (2003-2007). He graduated with a Bachelor's degree from Osaka University of Foreign Studies, Osaka, Japan in 1982.
<p>Leo Yulianto Sutedja</p> 	Vice president director	Leo Sutedja has been appointed as vice president director since 2016. He currently also serves as a commissioner of Sulawesi Cotton Industry (2004-present), director of Kurabo Manunggal Textile Industry (2005-present), director of Peternakan Ayam Manggis (2011-present), director of Argo Manunggal Land Development (2013-present), commissioner of Delta Mega Persada (2014-present), commissioner of Pralon (2014-present), president commissioner of Lawe Adyaprima Spinning Mills (2015-present), and president commissioner of Alfa Goldland Realty (2015-present). He graduated with a Bachelor of Science in Computer Science from the University of Wisconsin, USA.
<p>Daishi Asano</p> 	Director	Daishi Asano has served as a director since 2013. He is currently a Section manager of the General Construction Division, Osaka Head Office of Daiwa House Industry. (2009-present). He previously served as a sales office manager, Nara Branch, Daiwa House Industry (2008-2009); senior chief, General Construction Sales Office, Nara Branch, Daiwa House Industry (2007-2008); senior chief, General Construction Sales Office, Kobe branch, Daiwa House Industry (2006-2007); and chief of General Construction Promotion Department, Marketing Headquarters, Daiwa House Industry (2003-2006). He graduated with a Bachelor's degree in Education (majoring in Art) from Kyoto University in 1988.
<p>Wijaya Surya</p> 	Director	Wijaya Surya has been a director of the company since 2016. He is currently chief operating officer of Argo Apparel Group (2015-present). He previously served as director of Aptus Maritime, Hong Kong (2012-2015); executive director, Limin Marine and Offshore (2013-2014); head of Projects and Business Development, Arpeni Pratama Ocean Line (2008-2012); vice president, Woori Global Markets Asia, Hong Kong (2007-2008); director of Wallem Shipbroking (HK) Ltd, Hong Kong (2006-2007); director of Daya Sakti Unggul Corporindo (2005-2006); director of Gold Bridge Shipping, Hong Kong (1998-2005); and director of Daya Shipping, Hong Kong (1995-1996). He graduated with a degree in Business Administration from Lewis and Clark College, Oregon, USA, in 1991, and earned a Master of Science degree in Shipping, Trade and Finance from Cass Business School, London, UK in 1999.
<p>Swan Mie Rudy Tanardi</p> 	Director	Swan Mie Rudy Tanardi was appointed as a director of the company in 2016. She also serves as president commissioner of Pelican Makmur Abadi (2010-present); commissioner of Anugrah Karya Sentosa (2015-present), director of Argo Apparel Group, Hong Kong (2015-present); and general manager of Finance & Accounting, Argo Manunggal Group (2004-present). She previously served as managing director of Charlies Lestari Sentosa (2003-2004), where she first joined in 2001 as finance director. She was also assistant vice president director of Media Indonesia Group (1997-2001), and a senior auditor Public Accountant at Prasetyo, Utomo & Co (1994-1997). She graduated with a Bachelor's Degree in Accounting from Trisakti University, Jakarta

Source: Company

30 October 2019

Property | Industrial Estates

Figure 16: Board of commissioners

Name	Position	Description
<p>Marzuki Usman</p> 	President commissioner and independent commissioner	Marzuki Usman has served as the president commissioner and independent commissioner since 2015. He previously served as chairman of the Capital Market Executive Agency Ministry of Finance (1988-1990), chairman of the Capital Market Supervisory Agency Ministry of Finance (1990-1991), Head of the Monetary and Financial Analysis of the Ministry of Finance (1995-1998), Minister of State for Investment/Chairman of the Investment Coordinating Board (1999), and Minister of Forestry and Plantation (2001). He graduated with a Bachelor of Economics (majoring in Economics), from Gajah Mada University in 1969, and Master of Arts in Economics from Duke University, North Carolina, US, in 1975.
<p>The Nicholas</p> 	Vice president commissioner	The Nicholas has served as vice president commissioner since 2015. He also serves as a commissioner in Alam Sutera Realty (2015-present), vice president commissioner of China Taiping Insurance Indonesia (2013-present), president commissioner of Argo Manunggal Land Development (2013-present), president director of Argo Manunggal Triasta (2013-present), president commissioner of Peternakan Ayam Manggis (2005-present) and commissioner of Ragam Logam Industrial (1993-present). He graduated with a Bachelor of Art (majoring in International Marketing) from the University of Missouri, Columbia, US in 1991.
<p>Herbudianto</p> 	Independent commissioner	Herbudianto has served as a commissioner since 2015. Previously he served in the Capital Markets Supervisory Board as chief Accounting Standards and Inspection Service Business Affairs (1991-1997); chief Accountant Development (1997-2000); head of Development and Preparation of Accounting Standards (2000-2002); head of Trade Services Business, Transportation and Tourism (2002-2006); as well as the head of Corporate Assessment of Non-Financial Services (2006-2012). He graduated with Bachelor of Economics (majoring in Accounting) from Gajah Mada University, Yogyakarta.
<p>Wahyu Hidayat</p> 	Independent commissioner	Wahyu Hidayat has served as an independent commissioner since 2019. He graduated in 1996 with a Masters in Management (MM) from the University of Gadjah Mada, Yogyakarta. He serves as president commissioner of Nusantara Sentra Kapital (2018-present). He was president commissioner of Indonesian Central Securities Depository (2015-2018), senior advisor in Governance and Anti Money Laundering at the Financial Authority Services (OJK), (2013-2015), head of the Internal Compliance Bureau in the Capital Market Supervisory Agency and Financial Institution (Bapepam-LK) in 2012, deputy head of the Center of Financial Transaction Reporting and Analysis (PPATK) in Administration (2008-2011), head of Bureau of Investigation, Bapepam-LK (2006-2008), and Secretary of Bapepam-LK (2004-2006).
<p>Hartono</p> 	Commissioner	Hartono was appointed as a commissioner in 2011. He is also a Corporate legal manager at Argo Manunggal Group (1990-present), and was previously the Legal and Human Resources Manager of PT Mulia Jaya Abadi Chemistry (1988-1990). He graduated with a Bachelor of Law from the Indonesian Christian University, Jakarta, majoring in Civil Law, in 1988, and a Master of Law from the University of Indonesia, Jakarta, in 2003.

Source: Company

30 October 2019

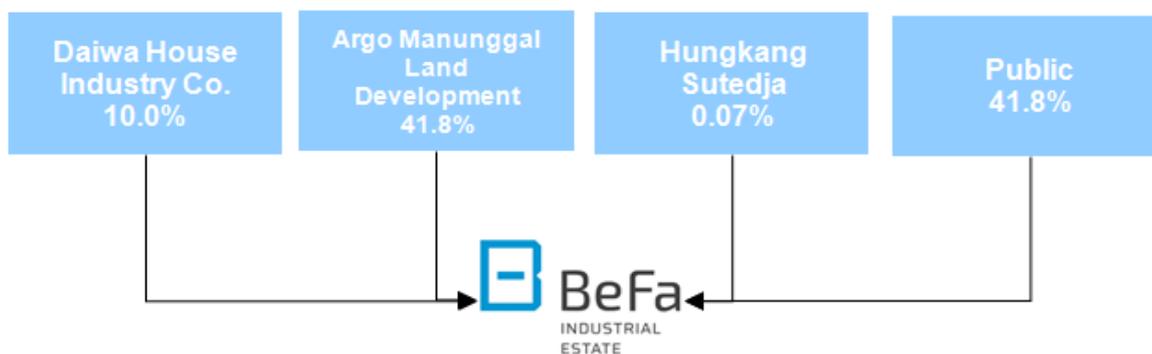
Property | Industrial Estates

Figure 17: Company milestones

Year	Description
1989	The company was established on 24 Aug 1989
1990	Established Megapolis Manunggal Industrial Development (MRID with Marubeni Corporation to build MM2100 Industrial City
2012	- The company conducted an IPO and its shares were listed on the Indonesian Stock Exchange on 10 Apr 2012. - The establishment of PT Bekasi Surya Pratama
2014	Established Daiwa Manunggal Logistik Properti (DMLP) under a JV with Daiwa House Industry to support logistic property business and develop supporting infrastructure and facilities
2015	The establishment of PT Best Sinar Nusantara (BSN). BSN will focus on hotel development in the company's industrial town area
2016	Commenced operations of an international standard warehousing and logistics facility (Modern Logistic Center) in the MM2100 Industrial Town.
2017	- Opened Enso Hotel - Rebranded, changed logo and company name to BeFa
2018	Commenced operation of Befa Square Office in MM2100 in Apr 2018

Source: Company

Figure 18: Shareholding structure of BEST



Source: Company

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on

assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB

Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Securities Singapore Pte Ltd which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Securities Singapore Pte Ltd may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Securities Singapore Pte Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Securities Singapore Pte Ltd in respect of any matter arising from or in connection with the report.

Hong Kong

This report is issued and distributed in Hong Kong by RHB Securities Hong Kong Limited (興業僑豐證券有限公司) (CE No.: ADU220) ("RHBSHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact RHBSHK. RHBSHK is a wholly owned subsidiary of RHB Hong Kong Limited; for the purposes of disclosure under the Hong Kong jurisdiction herein, please note that RHB Hong Kong Limited with its affiliates (including but not limited to RHBSHK) will collectively be referred to as "RHBHK." RHBHK conducts a full-service, integrated investment banking, asset management, and brokerage business. RHBHK does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this research report. Investors should consider this report as only a single factor in making their investment decision. Importantly, please see the company-specific regulatory disclosures below for compliance with specific rules and regulations under the Hong Kong jurisdiction. Other than company-specific disclosures relating to RHBHK, this research report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such.

United States

This report was prepared by RHB and is being distributed solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors, nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and does not offer brokerage services to U.S. persons. Any order for the purchase or sale of the securities discussed herein that are listed on Bursa Malaysia Securities Berhad must be placed with and through Auerbach Grayson ("AG"). Any order for the purchase or sale of all other securities discussed herein must be placed with and through such other registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of Auerbach Grayson AG or such other registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with or hold

positions in the securities (including capital market products) or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

Malaysia

Save as disclosed in the following link ([RHB Research conflict disclosures – Oct 2019](#)) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
**For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. Save as disclosed below, RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Thailand

RHB Securities (Thailand) PCL and/or its directors, officers, associates, connected parties and/or employees, may have, or have had, interests and/or commitments in the securities in subject company(ies) mentioned in this report or any securities related thereto. Further, RHB Securities (Thailand) PCL may have, or have had, business relationships with the subject company(ies) mentioned in this report. As a result, investors should exercise their own judgment carefully before making any investment decisions.

Indonesia

PT RHB Sekuritas Indonesia is not affiliated with the subject company(ies) covered in this report both directly or indirectly as per the definitions of affiliation above. Pursuant to the Capital Market Law (Law Number 8 Year 1995) and the supporting regulations thereof, what constitutes as affiliated parties are as follows:

1. Familial relationship due to marriage or blood up to the second degree, both horizontally or vertically;
2. Affiliation between parties to the employees, Directors or Commissioners of the parties concerned;
3. Affiliation between 2 companies whereby one or more member of the Board of Directors or the Commissioners are the same;
4. Affiliation between the Company and the parties, both directly or indirectly, controlling or being controlled by the Company;
5. Affiliation between 2 companies which are controlled, directly or indirectly, by the same party; or
6. Affiliation between the Company and the main Shareholders.

PT RHB Sekuritas Indonesia is not an insider as defined in the Capital Market Law and the information contained in this report is not considered as insider information prohibited by law. Insider means:

- a. a commissioner, director or employee of an Issuer or Public Company;
- b. a substantial shareholder of an Issuer or Public Company;
- c. an individual, who because of his position or profession, or because of a business relationship with an Issuer or Public Company, has access to inside information; and
- d. an individual who within the last six months was a Person defined in letters a, b or c, above.

Singapore

Save as disclosed in the following link ([RHB Research conflict disclosures – Oct 2019](#)) and to the best of our knowledge, RHB Securities Singapore Pte Ltd hereby declares that:

1. RHB Securities Singapore Pte Ltd, its subsidiaries and/or associated companies do not make a market in any issuer covered in this report.
2. RHB Securities Singapore Pte Ltd, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered in this report.
3. RHB Securities, its staff or connected persons do not serve on the board or trustee positions of the issuer covered in this report.
4. RHB Securities Singapore Pte Ltd, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered in this report or any other relationship that may create a potential conflict of interest.
5. RHB Securities Singapore Pte Ltd, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered in this report.
6. RHB Securities Singapore Pte Ltd and its analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation.

Hong Kong

The following disclosures relate to relationships between RHBHK and companies covered by Research Department of RHBSHK and referred to in this research report:

RHBSHK hereby certifies that no part of RHBSHK analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

RHBHK had an investment banking services client relationships during the past 12 months with: -.

RHBHK has received compensation for investment banking services, during the past 12 months from: -.

RHBHK managed/co-managed public offerings, in the past 12 months for: -.

On a principal basis. RHBHK has a position of over 1% market capitalization of: -.

Additionally, please note the following:

Ownership and material conflicts of interest: RHBSHK policy prohibits its analysts and associates reporting to analysts from owning securities of any company covered by the analyst.

Analyst as officer or director: RHBSHK policy prohibits its analysts, and associates reporting to analysts from serving as an officer, director, advisory board member or employee of any company covered by the analyst.

RHBHK salespeople, traders, and other non-research professionals may provide oral or written market commentary or trading strategies to RHB clients that reflect opinions that are contrary to the opinions expressed in this research report.



KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 9280 8888
Fax : +603 9200 2216

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

HONG KONG

RHB Securities Hong Kong Ltd.
12th Floor, World-Wide House
19 Des Voeux Road
Central
Hong Kong
Tel : +852 2525 1118
Fax : +852 2810 0908

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

SINGAPORE

RHB Securities Singapore Pte Ltd.
10 Collyer Quay
#09-08 Ocean Financial Centre
Singapore 049315
Tel : +65 6533 1818
Fax : +65 6532 6211