

# PROPERTY

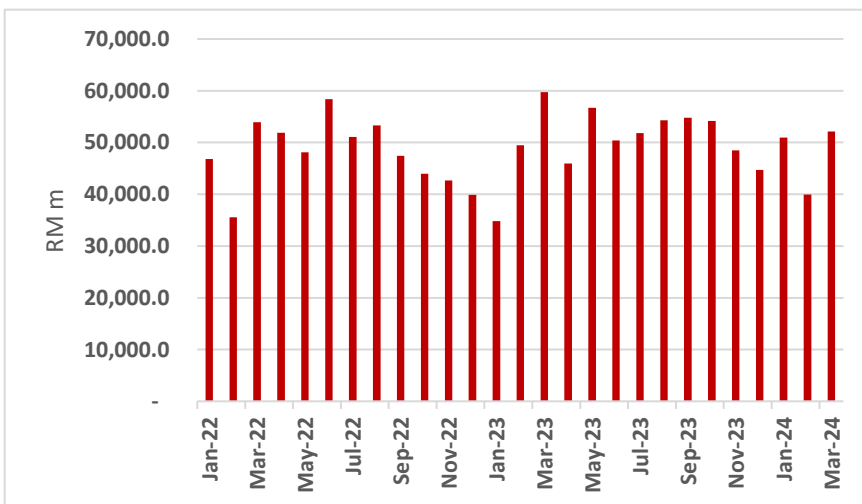
## Positive Outlook Intact

### KEY INVESTMENT HIGHLIGHTS

- Marginally weaker loan application in 1QCY24
- Higher approved loan in 1QCY24
- Positive development in Johor
- Maintain POSITIVE on property sector
- Top picks for the sector are Mah Sing Group (BUY, TP: RM1.42) and Matrix Concepts (BUY, TP: RM1.91)

**Marginally weaker loan application in 1QCY24.** According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property increased to RM52.1b (+30.6%mom) in March due to low base in February. Recall, February saw a decline of -21%mom. On yearly basis, loan application in March was lower (-12.7%yoy) due to high base in March 2023. That brought total loan application to be marginally lower at RM143b (-0.7%yoy) in 1QCY24. Despite the marginal dip in loan applications in 1QCY24, we believe that demand for property should pick up and remain healthy in 2024 as the landscape of property market improved. Besides, OPR is maintained at 3% in May 2024 and hence that should further support the buying interest on property.

**Figure 1: Monthly total applied loan**



Source: BNM, MIDF Research

**Higher approved loan in 1QCY24.** On monthly basis, approved loan for purchase of property increased to RM22b (+26.3%mom) in March, driven by the higher loan application. On yearly basis, approved loan was lower (-13%yoy) in March. Meanwhile, cumulative approved loan in 1QCY24 was higher at RM60b (+2.3%yoy) despite lower loan application mainly helped by higher percentage of total approved loan over total applied loan of 42% in 1QCY24 against 41% in 1QCY23. The higher approved loan in 1QCY24 suggests overall better new sales of property developers in 1QCY24.

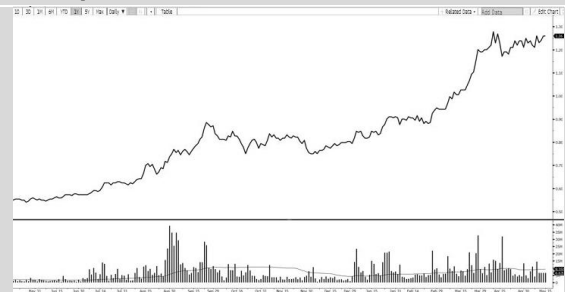
### COMPANY IN FOCUS

#### Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM1.42  
Price @ 15<sup>th</sup> May 2024: RM1.34

- Management set higher new sales target of RM2.5b for FY24.
- Growing exposure to the improving Johor property market.
- The balance sheet remains healthy with low net gearing of 0.08x.

#### Share price chart



#### Matrix Concepts Holdings Berhad

Maintain **BUY** | Unchanged Target price: RM1.91  
Price @ 15<sup>th</sup> May 2024: RM1.79


- Stable new sales of RM961m in 9MFY24, on track to meet management's new sales target of RM1.3b.
- Landbank expansion in Labu will further buoy earnings growth.
- Attractive dividend yield of 5.5% based on dividend forecast of 9.8sen.

#### Share price chart



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**Positive development in Johor.** According to YAB Menteri Besar Datuk Onn Hafiz Ghazi, Johor has proposed establishing the Johor-Singapore Special Economic Zone (JS-SEZ) in the Iskandar Malaysia region and Pengerang. This is following signing of memorandum of understanding between Malaysia and Singapore on 11<sup>th</sup> January 2024. The proposed JS-SEZ in the Iskandar Malaysia and Pengerang should benefit property companies with exposure to Johor. Note that UEM Sunrise (Non-rated) has 4,471 acres of land in Gerbang Nusajaya and 1,172 acres of land in Puteri Harbour. Similarly, IOI Properties Group has exposure in Johor with a remaining landbank of 3,868 acres in Johor. Meanwhile, Sunway Berhad has 1,770 acres of land in Sunway City Iskandar Puteri. Similarly, Mah Sing Group has a remaining landbank of 1,082 acres in Johor and further expanding its landbank in Johor as it recently proposed to acquire 100 acres of land in Mukim Pulau, Johor Bahru. On the other hand, Eco World Development Group has an undeveloped landbank of 1,295 acres in Johor. In a nutshell, the establishment of JS-SEZ bodes well for development potential of developers with landbank in Johor.

**Maintain POSITIVE on property sector.** We remain **POSITIVE** in the property sector as overall outlook for the sector is improving with declining residential overhang. The unchanged OPR at 3% is also supportive to the recovery in property demand. Besides, the better outlook for property market in Johor which is driven by Johor Bahru-Singapore Rapid Transit System (RTS) Link and Johor-Singapore Special Economic Zone will further buoy the property sector in Malaysia. Meanwhile, we revise our **TP** for **Sunway Berhad** to **RM3.69** from RM3.01 as we update our valuation on healthcare and construction divisions. We continue to see strong catalyst from listing of Sunway Berhad healthcare division. On the other hand, our TP for S P Setia is under review, pending the quarterly results announcement. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.42)** and **Matrix Concepts (BUY, TP: RM1.91)**. We favour Mah Sing as we see stable sales prospects from its affordable residential segment. Besides, its growing property presence in Johor is expected to drive earnings and sales growth going forward. Meanwhile, we like Matrix Concepts due to its stable outlook which is driven by its Sendayan township in Seremban that focused on affordable landed home. Besides, the dividend yield of Matrix Concepts is attractive at 5.5%. 

**Figure 2: Peers comparison table**

Stock	Rec.	Price @ 15-May-2024	Target Price (RM)	Core EPS (sen)		Core PER (x)		Net DPS (sen)		Net Dvd Yield		P/NTA (x)
				FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	
MAHSING	BUY	1.34	1.42	9.8	11.2	13.6	11.9	4.0	4.2	3.0%	3.1%	0.88
SPSETIA	BUY	1.51	1.16*	6.7	8.1	9.2	7.9	1.7	1.8	2.5%	2.6%	0.44
GLOMAC	BUY	0.395	0.43	2.0	4.3	19.8	9.3	1.3	1.3	3.3%	3.3%	0.25
MATRIX	BUY	1.79	1.91	20.4	22.4	8.8	8.0	9.80	10.75	5.5%	6.0%	1.07
SUNWAY	BUY	3.40	3.69	11.2	11.9	30.5	28.5	6.5	7.0	1.9%	2.1%	1.63
ECOWLD	NEUTRAL	1.46	1.51	9.5	9.6	15.4	15.1	6.0	6.0	4.1%	4.1%	0.90
IOIPG	NEUTRAL	2.44	2.15	11.6	13.3	21.1	18.3	5.0	5.0	2.0%	2.0%	0.60
UOADEV	NEUTRAL	1.98	1.82	8.5	8.3	23.3	23.9	10.0	10.0	5.1%	5.1%	0.91

\*Under Review

Source: MIDF Research

**Figure 3: Sunway Berhad Sum-of-Parts valuation**

Division	Methodology	Multiple	Stake	Discount	Value (RM m)
Property Development	NPV of profits	n/a	100%	10%	3,914.1
Property Investment	Net Book Value	n/a	100%	n/a	2,443.0
Construction	Target Price of RM2.86	n/a	54%	n/a	2,006.0
Sunway REIT	Target Price of RM1.70	n/a	35%	n/a	2,008.2
Healthcare	21x EV EBITDA	21	84%	n/a	10,584.0
Trading and manufacturing	12x FY25E PER	12	100%	n/a	263.3
Quarry & Others	12x FY25E PER	12	100%	n/a	424.9
<b>Total SOP</b>					<b>21,643.6</b>
Number of shares					5,866.0
<b>Target Price (RM)</b>					<b>3.69</b>

Source: MIDF Research

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## MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology