

# PROPERTY

**Maintain POSITIVE**

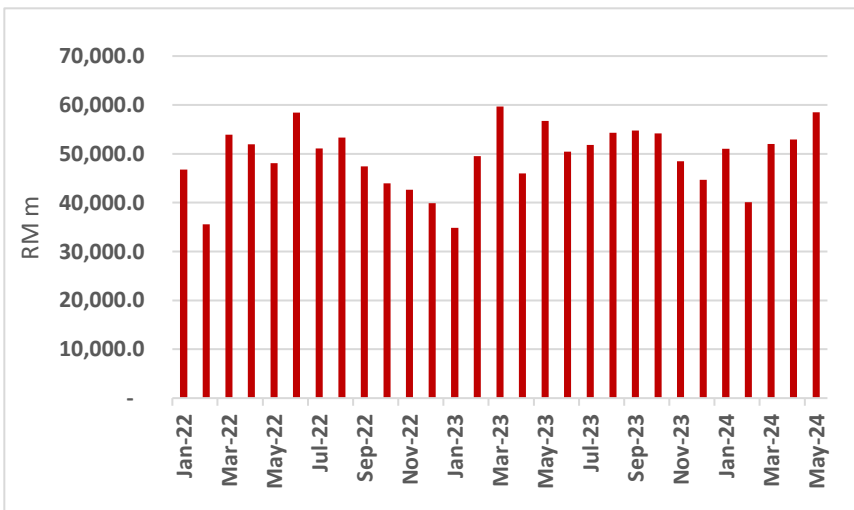
## Demand Remains Resilient

### KEY INVESTMENT HIGHLIGHTS

- **Loan applications continue to grow**
- **Better new sales prospect amid higher approved loan**
- **Decent performance of KL Property Index in 1HCY24**
- **Valuation of KL Property Index regresses to above mean**
- **Maintain POSITIVE on property sector**
- **Top picks for the sector are Mah Sing Group (BUY, TP: RM1.97) and Matrix Concepts (BUY, TP: RM2.05)**

**Loan applications continue to grow.** According to data released by Bank Negara Malaysia (BNM), total loan application for purchase of property grew to RM58.5b (+3.2%yoy) in May 2024 following growth of +15%yoy in April 2024. On monthly basis, total loan application in May 2024 recorded double-digit growth at +10.5%mom, increasing to the highest level since April 2023. Cumulatively, total loan application in 5MCY24 was higher at RM254.5b (+3.1%yoy) which shows stronger buying interest on property. We think that the stronger buying interest was supported by lower residential overhang in Malaysia, stable house price outlook and improving economic outlook for Malaysia.

**Figure 1: Monthly total applied loan**



Source: BNM, MIDF Research

**Better new sales prospect amid higher approved loan.** Approved loan for purchase of property grew by +3.2%yoy to RM26.1b in May 2024 after growth of +15.8%yoy in April 2024. The higher approved loan was in line with the higher loan application in April and May. On monthly basis, approved loan increased by 6%mom after recorded double-digit growth of +26%mom and +10.7%mom in March 2024 and April 2024. Meanwhile, the percentage of total approved loan over total applied loan decreased marginally to 44.6% in May 2024 from 46.5% in April 2024. Cumulatively, total loan approved in 5MCY24 was higher at RM110.9b (+5.3%yoy) which should translate into better new property sales prospects for developers.

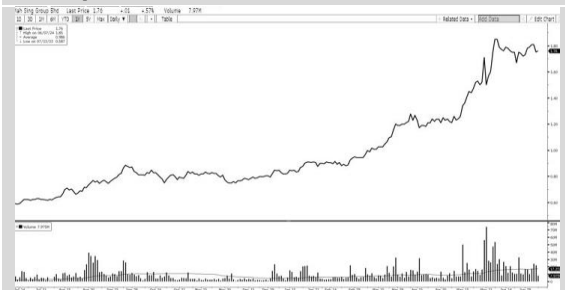
### COMPANY IN FOCUS

#### Mah Sing Group Berhad

Maintain **BUY** | Unchanged Target price: RM1.97  
Price @ 9<sup>th</sup> July 2024: RM1.76

- RM992m new sales in 4MFY24, on track to meet management new sales target of RM2.5b for FY24.
- Diversification into data centre to increase recurring income.
- Balance sheet remains healthy with low net gearing of 0.06x.

#### Share price chart



#### Matrix Concepts Holdings Berhad

Maintain **BUY** | Unchanged Target price: RM2.05  
Price @ 9<sup>th</sup> July 2024: RM1.87

- Positive earnings growth expected in FY25 due to resilient contribution from its property projects in Bandar Sri Sendayan township.
- Management sets new sales target higher at RM1.39b for FY25.
- Dividend yield is attractive, estimated at 5.7%.

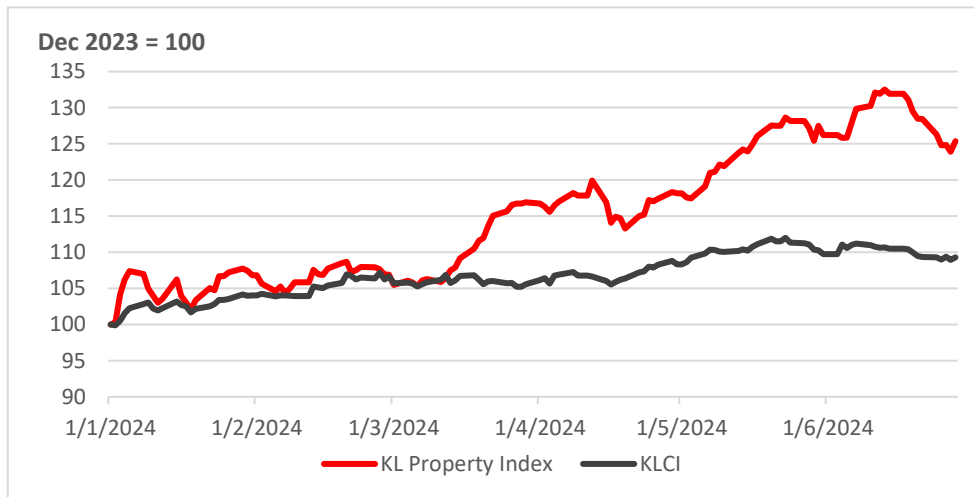
#### Share price chart



**Analyst(s)**  
**JESSICA** Low Jze Tieng  
jessica.low@midf.com.my

**Decent performance of KL Property Index in 1HCY24.** Performance of KL Property Index was decent in 1HCY24 with gains of 25%, outperforming KLCI's gains of 9.3%. The strong performance of property counters was mainly due to the recovery in property sector in Malaysia which was supported by status quo of OPR at 3% and stronger buying interest on property amid recovery in economy. Besides, positive news flow on data centre ventures by property companies, establishment of Johor-Singapore SEZ and ongoing infrastructure projects namely Johor Bahru–Singapore Rapid Transit System (RTS) Link and Penang LRT boosted sentiment on property counters. Meanwhile, top five performers of property counters in 1HCY24 were WMG Holdings Berhad (+320%), Sime Dary Property Berhad (+135%), Mah Sing Group Berhad (+118%), PTT Synergy Group Berhad (+104%) and Pegasus Heights Bhd (+100%).

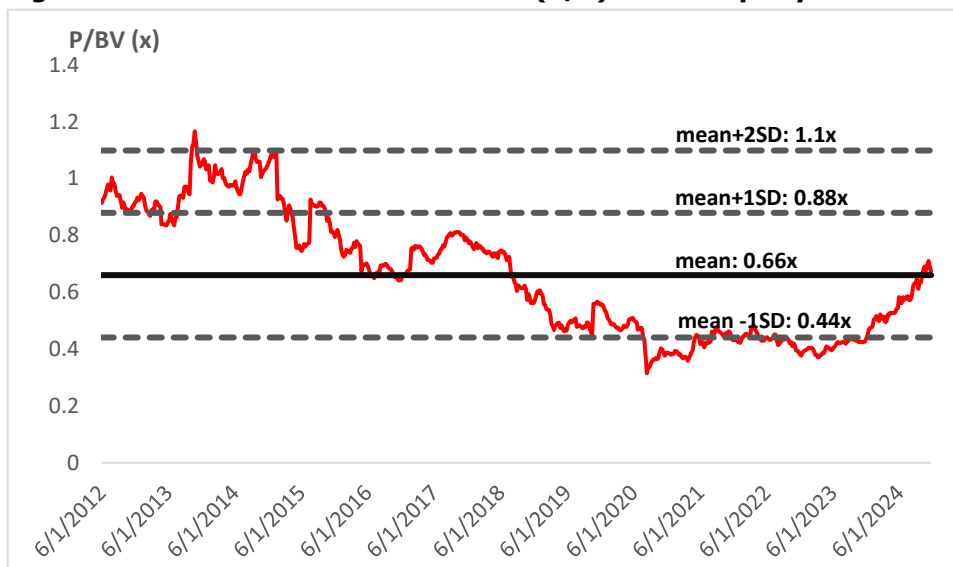
**Figure 2: Performance of KL Property Index against KLCI**




Source: MIDF Research

**Valuation of KL Property Index regresses to above mean.** Valuation of property counters are regressing to above mean after the strong gains since 2023. KL Property Index recorded strong gains of 34% in 2023 and extended its momentum by gaining 25% in 1HCY24. Note that KL Property Index is trading at price to book ratio of 0.67x, which is slightly above its long-term mean of 0.66x. Valuation of KL Property Index has been depressed by staying below mean at -1 standard deviation during Covid-19 pandemic. With the improving market sentiment on property market in Malaysia, the gains in property counters prompted price to book ratio trending upwards to the highest level since March 2018. While we think that valuation of property counters is getting rich, we think valuation of property counters still fair at this level considering that property upcycle is supported by the improving residential overhang situation and underlying healthier demand from locals and foreigners.

**Figure 3: Historical Price to Book Ratio (P/B) of KL Property Index**



Source: Bloomberg, MIDF Research

**Maintain POSITIVE on property sector.** We remain positive on the property sector as the positive loan application data signals stronger buying interest which should underpin earnings outlook of developers. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.97)** and **Matrix Concepts (BUY, TP: RM2.05)**. We favour Mah Sing due to its high exposure to the affordable residential segment which is supported by strong buying demand. Mah Sing continues to expand its landbank on the back of low net gearing of 0.06x which should continue to sustain its new sales and earnings growth. Besides, the venture into data centre will provide recurring income in the long-term. Meanwhile, we are positive on Matrix Concepts due to the resilient sales from its Bandar Sri Sendayan township in Seremban which supported by demand for affordable landed house. Besides, Matrix Concepts continues to expand its landbank in Labu which will spur earnings growth beyond FY27. In addition, its dividend yield is attractive, estimated at 5.7%. 

**Figure 4: Peers comparison table**

Stock	Rec.	Price @ 9-July-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	1.76	1.97	9.8	11.2	17.9	15.7	5.1	5.5	2.9%	3.1%	1.16
SPSETIA	BUY	1.44	1.68	6.7	8.1	9.2	7.9	1.7	1.8	2.5%	2.6%	0.44
UOADEV	BUY	1.91	2.06	8.5	8.3	22.4	23.1	10.0	10.0	5.2%	5.2%	0.87
MATRIX	BUY	1.87	2.05	19.0	21.1	9.9	8.8	10.00	10.60	5.3%	5.7%	1.10
SUNWAY	NEUTRAL	3.94	3.98	11.7	12.1	33.6	32.6	6.5	7.0	1.6%	1.8%	1.85
ECOWLD	NEUTRAL	1.58	1.63	9.5	9.6	16.6	16.4	6.0	6.0	3.8%	3.8%	0.97
IOIPG	NEUTRAL	2.17	2.40	12.6	13.6	17.2	16.0	5.0	5.0	2.3%	2.3%	0.53
GLOMAC	NEUTRAL	0.46	0.43	2.0	4.3	22.8	10.7	1.3	1.3	2.9%	2.9%	0.29

Source: MIDF Research

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077(23878 – X)).  
 (Bank Pelaburan)  
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

## DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related companies and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such companies mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

### 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