

Real Estate

Neutral (Maintained)

Penang Second Bridge To Open Next Month

Macro
 Risks
 Growth
 Value

The opening of the Penang Second Bridge next month will accelerate development growth in Penang mainland. The area's healthy fundamentals will render its property market less sensitive to additional measures to curb bulk buying of property. The sector's opportunities lie in the small-mid cap space. TILB, Malton and GOB are still our picks for Penang mainland exposure given their sizeable landbank there.

- Opening next month.** News of the opening of the Penang Second Bridge (PSB) is likely to draw investors to the Penang theme that we have been highlighting since 2H13, given that there is a lack of growth prospects in other areas. Upon the bridge's opening, traffic in the Bayan Lepas industrial area is expected to ease. Jambatan Kedua SB estimates that PSB can handle 100k vehicles daily.
- Catalytic developments to spur property sales.** We reiterate our view that Penang mainland's property market is in an early growth cycle. New investment is being poured into Batu Kawan, apart from FDIs from regional industrial players. The material investments include a new Ikea outlet by Aspen-Ikano JV, Paramount's new KDU campus, a premier shopping outlet by PE Land-CBRE, as well as GEMS International School in Tambun Indah's 600-acre Pearl City township. Given the bright growth prospects, up-and-coming EcoWorld is said to have bid for a 190-ha piece of land for golf course/property development in Batu Kawan. The media has also reported that the Penang Sentral project, which will be on a 9.7ha site in Butterworth, is expected to take off by 4Q14.
- Focus on the small-mid cap stocks.** We continue to favour Penang property stocks, especially Tambun Indah. Our BUY call is supported by fundamentals such as: i) undemanding valuations, ii) >15% earnings annual growth, iii) 5-6% dividend yield; and iv) catalysts arising from infrastructure developments and economic activities, as well as rising job opportunities. Malton (MALT MK, NR, FV: MYR1.80) and Global Oriental (GOB MK, NR, FV: MYR1.35) are two other Penang mainland plays that we have highlighted previously. These companies have MYR3.9bn and MYR2.3bn GDV worth of projects on 300 acres and 350 acres of land in Batu Kawan, respectively.
- Penang mainland in healthy shape.** In spite of the challenging market conditions, there is a silver lining in Penang mainland, where fundamentals are still healthy and there is less speculative buying. The mainland property market is unlikely to be affected even if a policy curbing bulk buying by property investors clubs is implemented.

Company Name	Price	Target	P/E (x)		Yield (%)		Rating
			Dec-14F	Dec-14F	Dec-14F	Dec-14F	
Eastern & Oriental	MYR1.96	MYR2.70	14.3	1.4	2.0	TRADING BUY	
Glomac	MYR1.11	MYR1.36	6.3	0.9	5.5	TRADING BUY	
Hua Yang	MYR1.81	MYR2.40	5.3	1.1	5.9	BUY	
IJM Land	MYR2.54	MYR3.70	10.1	1.1	1.8	BUY	
IOI Properties Group	MYR2.66	MYR3.50	10.2	0.8	0.9	BUY	
Mah Sing	MYR2.09	MYR2.44	7.5	1.5	4.7	NEUTRAL	
Matrix Concepts Holdings	MYR3.84	MYR5.00	6.8	1.5	5.5	BUY	
Paramount Corp	MYR1.60	MYR1.71	8.6	0.7	5.6	NEUTRAL	
SP Setia	MYR2.95	MYR3.54	14.0	1.3	3.9	NEUTRAL	
Sunway	MYR2.77	MYR3.33	10.5	1.1	2.9	BUY	
Tambun Indah Land	MYR1.67	MYR2.08	7.1	1.9	5.0	BUY	
UEM Sunrise	MYR2.12	MYR2.73	15.1	1.4	1.9	NEUTRAL	
UOA Development	MYR1.99	MYR2.45	7.1	1.0	7.0	NEUTRAL	

Loong Kok Wen CFA +603 9207 7614
loong.kok.wen@rhbgroup.com

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

Disclosure & Disclaimer

All research is based on material compiled from data considered to be reliable at the time of writing, but RHB does not make any representation or warranty, express or implied, as to its accuracy, completeness or correctness. No part of this report is to be construed as an offer or solicitation of an offer to transact any securities or financial instruments whether referred to herein or otherwise. This report is general in nature and has been prepared for information purposes only. It is intended for circulation to the clients of RHB and its related companies. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report is for the information of addressees only and is not to be taken in substitution for the exercise of judgment by addressees, who should obtain separate legal or financial advice to independently evaluate the particular investments and strategies.

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.

RHB, its affiliates and related companies, their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto, and may from time to time add to, or dispose off, or may be materially interested in any such securities. Further, RHB, its affiliates and related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory or underwriting services for or relating to such company(ies), as well as solicit such investment, advisory or other services from any entity mentioned in this research report.

RHB and its employees and/or agents do not accept any liability, be it directly, indirectly or consequential losses, loss of profits or damages that may arise from any reliance based on this report or further communication given in relation to this report, including where such losses, loss of profits or damages are alleged to have arisen due to the contents of such report or communication being perceived as defamatory in nature.

The term "RHB" shall denote where applicable, the relevant entity distributing the report in the particular jurisdiction mentioned specifically herein below and shall refer to RHB Research Institute Sdn Bhd, its holding company, affiliates, subsidiaries and related companies.

All Rights Reserved. This report is for the use of intended recipients only and may not be reproduced, distributed or published for any purpose without prior consent of RHB and RHB accepts no liability whatsoever for the actions of third parties in this respect.

Malaysia

This report is published and distributed in Malaysia by RHB Research Institute Sdn Bhd (233327-M), Level 11, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, a wholly-owned subsidiary of RHB Investment Bank Berhad (RHBIB), which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Singapore

This report is published and distributed in Singapore by DMG & Partners Research Pte Ltd (Reg. No. 200808705N), a wholly-owned subsidiary of DMG & Partners Securities Pte Ltd, a joint venture between Deutsche Asia Pacific Holdings Pte Ltd (a subsidiary of Deutsche Bank Group) and OSK Investment Bank Berhad, Malaysia which have since merged into RHB Investment Bank Berhad (the merged entity is referred to as "RHBIB", which in turn is a wholly-owned subsidiary of RHB Capital Berhad). DMG & Partners Securities Pte Ltd is a Member of the Singapore Exchange Securities Trading Limited. DMG & Partners Securities Pte Ltd may have received compensation from the company covered in this report for its corporate finance or its dealing activities; this report is therefore classified as a non-independent report.

As of 19 February 2014, DMG & Partners Securities Pte Ltd and its subsidiaries, including DMG & Partners Research Pte Ltd do not have proprietary positions in the securities covered in this report, except for:

a) -

As of 19 February 2014, none of the analysts who covered the securities in this report has an interest in such securities, except for:

a) -

Special Distribution by RHB

Where the research report is produced by an RHB entity (excluding DMG & Partners Research Pte Ltd) and distributed in Singapore, it is only distributed to "Institutional Investors", "Expert Investors" or "Accredited Investors" as defined in the Securities and Futures Act, CAP. 289 of Singapore. If you are not an "Institutional Investor", "Expert Investor" or "Accredited Investor", this research report is not intended for you and you should disregard this research report in its entirety. In respect of any matters arising from, or in connection with this research report, you are to contact our Singapore Office, DMG & Partners Securities Pte Ltd

Hong Kong

This report is published and distributed in Hong Kong by RHB OSK Securities Hong Kong Limited ("RHBSHK") (formerly known as OSK Securities Hong Kong Limited), a subsidiary of OSK Investment Bank Berhad, Malaysia which have since merged into RHB Investment Bank Berhad (the merged entity is referred to as "RHBIB"), which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

RHBSHK, RHBIB and/or other affiliates may beneficially own a total of 1% or more of any class of common equity securities of the subject company. RHBSHK, RHBIB and/or other affiliates may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company.

Risk Disclosure Statements

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance. RHBSHK does not maintain a predetermined schedule for publication of research and will not necessarily update this report

Indonesia

This report is published and distributed in Indonesia by PT RHB OSK Securities Indonesia (formerly known as PT OSK Nusadana Securities Indonesia), a subsidiary of OSK Investment Bank Berhad, Malaysia, which have since merged into RHB Investment Bank Berhad, which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Thailand

This report is published and distributed in Thailand by RHB OSK Securities (Thailand) PCL (formerly known as OSK Securities (Thailand) PCL), a subsidiary of OSK Investment Bank Berhad, Malaysia, which have since merged into RHB Investment Bank Berhad, which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Other Jurisdictions

In any other jurisdictions, this report is intended to be distributed to qualified, accredited and professional investors, in compliance with the law and regulations of the jurisdictions.

Kuala Lumpur	Hong Kong	Singapore
<p>Malaysia Research Office RHB Research Institute Sdn Bhd Level 11, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 9280 2185 Fax : +(60) 3 9284 8693</p>	<p>RHB OSK Securities Hong Kong Ltd. (formerly known as OSK Securities Hong Kong Ltd.) 12th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908</p>	<p>DMG & Partners Securities Pte. Ltd. 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211</p>
Jakarta	Shanghai	Phnom Penh
<p>PT RHB OSK Securities Indonesia (formerly known as PT OSK Nusadana Securities Indonesia) Plaza CIMB Niaga 14th Floor Jl. Jend. Sudirman Kav.25 Jakarta Selatan 12920, Indonesia Tel : +(6221) 2598 6888 Fax : +(6221) 2598 6777</p>	<p>RHB OSK (China) Investment Advisory Co. Ltd. (formerly known as OSK (China) Investment Advisory Co. Ltd.) Suite 4005, CITIC Square 1168 Nanjing West Road Shanghai 20041 China Tel : +(8621) 6288 9611 Fax : +(8621) 6288 9633</p>	<p>RHB OSK Indochina Securities Limited (formerly known as OSK Indochina Securities Limited) No. 1-3, Street 271 Sangkat Toeuk Thla, Khan Sen Sok Phnom Penh Cambodia Tel: +(855) 23 969 161 Fax: +(855) 23 969 171</p>
Bangkok		
<p>RHB OSK Securities (Thailand) PCL (formerly known as OSK Securities (Thailand) PCL) 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 2 862 9999 Fax : +(66) 2 108 0999</p>		