

SECTOR UPDATE

Property – Malaysia

A Study Trip To Iskandar Malaysia

We came away from our recent trip to Iskandar Malaysia (IM) feeling positive, having learnt of the mutual economic and societal benefits that could be reaped upon the full operation of the RTS by end-26, which could stimulate the growth in and around the JB City Centre. We opine that IWH Group and property-construction player Ekovest (BUY, Target: RM1.10) are clear winners for the IM theme, and from a more long-term perspective, we like Sunway (BUY, Target: RM2.38). Maintain MARKET WEIGHT.

WHAT'S NEW

- We met with the Malaysian Federal Government's statutory body, Iskandar Regional Development Authority (IRDA), as well as Johor Knight Frank to get the latest updates on Iskandar Malaysia (IM) and overall property sector in Johor. We also visited the Bukit Chagar station of the Johor Bahru-Singapore Rapid Transit System (RTS) Link to assess its progress. Additionally, we met with prominent developers like Iskandar Waterfront Holdings (IWH), Sunway and UEM Sunrise (UEMS) to gain first-hand insights into their Johor projects. Below are the key takeaways:
- IM received RM391.6b in investment from 2006 to Jun 23 with 60% realised, with the rest expected to be realised within 3-5 years.** RM60.6b of the total investment came from China with RM33.3b from Singapore. Manufacturing segment, mixed development and residential properties were the biggest contributors, receiving RM102.7b, RM103.3b and RM72b in investments respectively.
- Sedenak is Iskandar Malaysia's sixth flagship known as Flagship F.** Sedenak is home to the Ibrahim Technopolis (IBTEC), a 7,290-acre integrated industrial smart township project. Develop by Johor Corporation, IBTEC focuses on technology-driven sectors like data centres, medical device manufacturing, green renewable energy, biotechnology and food technology, among others. The Sedenak Tech Park (STeP) Phase 1 is a 745-acre area (inside IBTEC) meant to attract the development of data centres. Notable data centre investors in STeP include the Yondr Group (RM7.2b investment), Princeton Digital Group (RM2b investment), Keppel Data Centre (RM2.1b investment) and ChinData's subsidiary Bridge Data Centres (RM2.5b investment).
- RTS to substantially reduce travelling time.** RTS is progressing well and is now 52% completed. It is on schedule to be completed by Dec 26. After the RTS Link is operational, the travel time for passenger traffic between the Johor border and Singapore can be significantly shortened to just 15 minutes (vs the usual one to two hours required via the Johor Causeway). The immigration facilities of both nations will be co-located at Woodlands North and Bukit Chagar stations, streamlining the clearance process for passengers who will only need to go through immigration once at their departure point. Other infrastructure in the IM area includes the Iskandar Malaysia Bus Rapid Transit (IRT) set to be operational by 2026 and the Johor Electric Train System (from Gemas to Johor Bharu Sentral) expected to be operational by 2025.

PEER COMPARISON

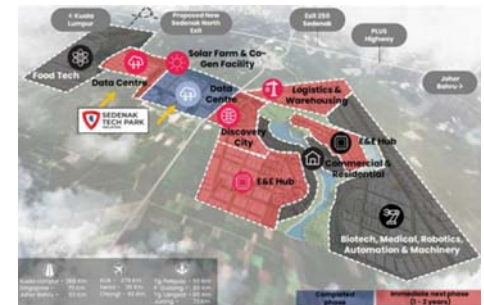
Company	Tickers	Rec	Share Price 16 Oct 23 (RM)	Target Price (RM)	Market Cap (RMm)	P/B		PE		Div Yield FY23F (%)	ROE FY23F (%)	Revenue FY23F (RMm)	Net Profit FY23F (RMm)	Net Margin FY23F (%)
						FY22 (x)	FY23F (x)	FY22 (x)	FY23F (x)					
Sunway	SWB MK	BUY	1.90	2.38	9,413.9	0.9	0.9	19.4	18.2	2.6	5.4	5,348	664	12.4
SP Setia	SPSB MK	HOLD	0.95	0.89	3,889.0	0.3	0.3	14.0	13.4	2.2	1.8	4,571	287	6.3
Mah Sing Group	MSGB MK	BUY	0.855	0.93	2,075.7	0.6	0.6	14.6	10.9	3.7	5.3	2,501	192	7.7
UEM Sunrise	UEMS MK	SELL	0.795	0.58	4,021.5	0.6	0.6	53.9	41.6	0.0	1.1	1,473	81	5.5
Matrix Concepts	MCH MK	BUY	1.52	1.92	1,902.0	0.9	0.9	7.3	7.7	6.4	10.4	1,170	238	20.4
Eco World	ECW MK	BUY	1.05	1.21	3,091.6	0.6	0.6	19.7	12.4	4.8	5.2	1,837	241	13.1
Ekovest	EKO MK	BUY	0.515	1.10	1,527.0	0.5	0.5	n.m	77.9	n.a.	0.8	1,207	20	1.6

Source: Bloomberg, UOB Kay Hian

MARKET WEIGHT

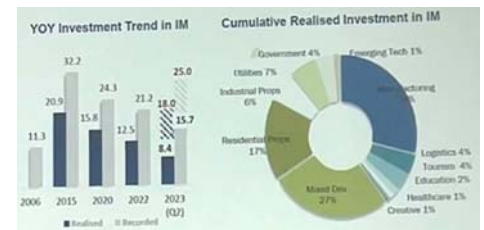
(Maintained)

IBTEC MASTERPLAN



Source: Johor Corporation

ISKANDAR MALAYSIA INVESTMENT



Source: IRDA

RTS PROGRESS (52%)



Source: UOB Kay Hian

IM BRT CORRIDOR MAP



Source: IMBRT, Sunway, UEMS, UOB Kay Hian

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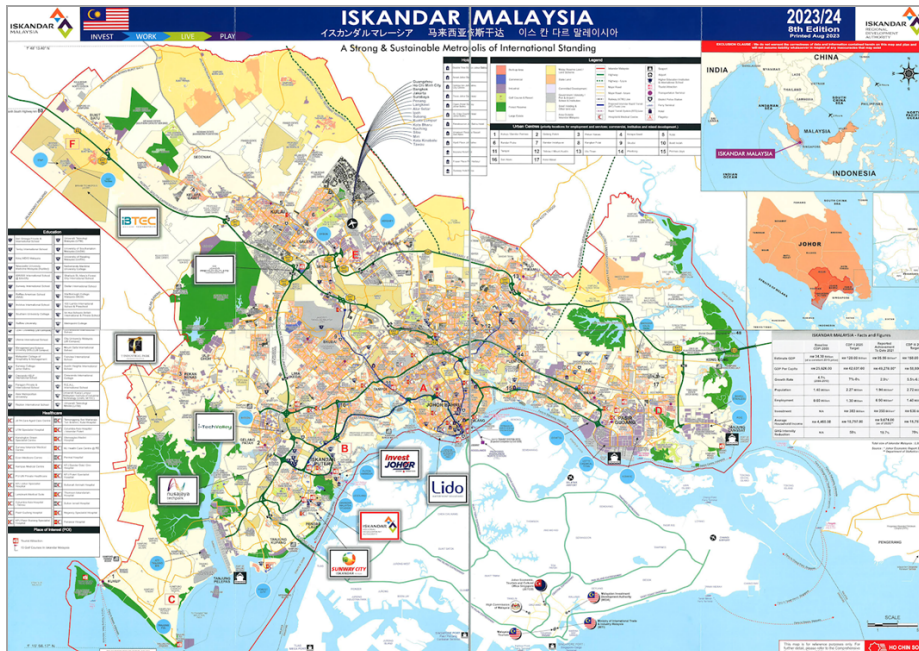
important to note that the HSR project is in its early stages, with the government exploring the project's feasibility using a fully privately funded framework, and likely spanning nearly a decade for its completion.

**IWH GROUP LANDBANK-IN CLOSE PROXIMITY TO RTS BUKIT CHAGAR**

Land Bank					
Area	Location	Held by IWH & subsidiaries (acres)	Held by associates & JVs (acres)	Proposed land injection (acres)	Total (acres)
Danga Bay	Flagship A	1,416	192	110	1,718
Danga Heights	Flagship A	234	-	34	268
Danga Sutera	Flagship A	33	-	-	33
Tanjung Puteri	Flagship A	157	-	-	157
Tebrau	Flagship A	1,072	119	162	1,352
Desaru	Tourism Belt	218	-	74	292
Nusajaya / Sungai Bahan	Flagship B	13	941	-	955
<b>Total</b>		<b>3,144</b>	<b>1,252</b>	<b>380</b>	<b>4,776</b>

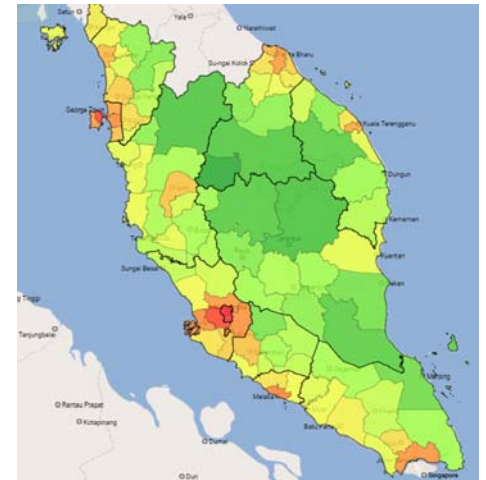
Source: IWH Group

**ISKANDAR MALAYSIA**



Source: IRDA

**MALAYSIA POPULATION DENSITY - ISKANDAR MALAYSIA STILL NOT AS DENSE AS IN GREATER KUALA LUMPUR AND PENANG**



Source: <https://www.citypopulation.de/en/malaysia/admin/>, UOB Kay Hian

**JOHOR POPULATION - JB CITY CENTRE IS THE MOST DENSE**



Source: <https://www.citypopulation.de/en/malaysia/admin/>, UOB Kay Hian

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