

YNH Property Berhad

Acquisition of 3-acre land in Mont Kiara and 10% share placement - ALERT

- **Acquisition of 2.67-acre land in Mont' Kiara:** YNH Property has signed a MoU for the acquisition of a 2.67-acre (116,230 sf) land located within Mont' Kiara, Hartamas area in Kuala Lumpur from Suasas Sentosa Sdn Bhd. The land, which is strategically surrounded by Kiara Ville, Duta Nusantara and Solaris Duta Mas, will be used to build super condominiums with built up area of more than 3,000 sq ft and minimum selling price of M\$2 million. The estimated GDV for the project is M\$300 million while the price of land is yet to be determined - but we estimate could cost approximately M\$34.9 million, assuming M\$300 psf. At M\$300 psf, the acquisition will enhance RNAV by approximately 4% from M\$3.80 to M\$3.95.
- **10% share placement:** Separately, YNH has proposed a 10% private placement. Currently, the company's gearing level is at 17% with net debt of M\$92 million. Through this exercise, the company could raise between M\$115-127 million. A check with management has indicated that the proceeds from the placement will be used to fund working capital for the development of the above acquired land as well as the 6-acre land situated next to Plaza Mont' Kiara which was recently acquired. In our view, development profits from the two Mont' Kiara projects may only contribute from FY09E and hence, the placement could dilute FY08E earnings by up to 10% (depending on the placement details). Note, however, that management is guiding for 20% and 10% profit recognition from the 6-acre land and 2.67-acre land, respectively, in 2008. We are keeping our estimates unchanged for now as we await the outcome and further details on the private placement.

Overweight

M\$3.46

03 May 2007

Property

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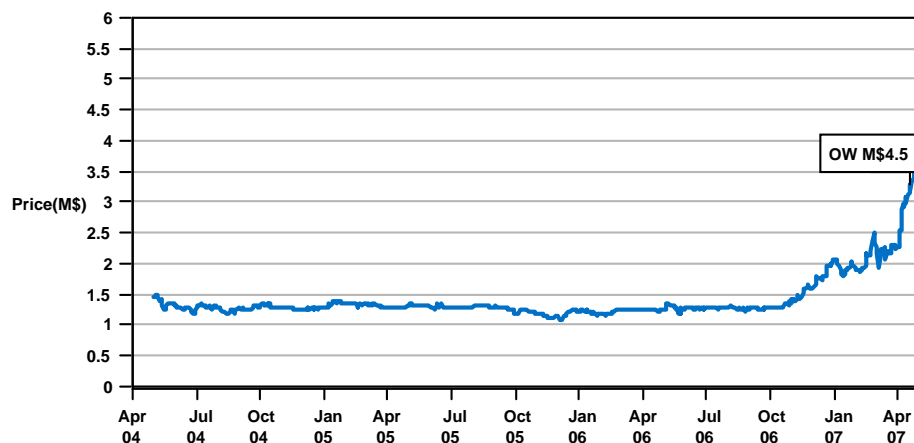
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Important Disclosures

YNH Property Berhad (YNHB.KL) Price Chart



Date	Rating	Share Price (M\$)	Price Target (M\$)
19-Apr-07	OW	3.28	4.50

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
 Initiated coverage Apr 19, 2007. This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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