


**AmResearch**
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AmRESEARCH SDN BHD

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# YNH PROPERTY

(YNHB MK, YNHB.KL)

*Second project in Mont' Kiara vicinity*
**BUY**

RM2.26

Target Price: Under review

*Rationale for report : Company update*

YE to Dec	FY06	FY07F	FY08F	FY09F
EPS (sen)	20.3	26.0	32.7	38.0
P/E (x)	11.1	8.7	6.9	5.9

Source : AmResearch

- YNH Property ("YNHP") announced that it has entered into a MOU with Triple-H Auto Parts Sdn Bhd to purchase 70% in this company, D'Kiara Place Sdn Bhd ("DKP"). DKP is the owner of a 6 acre piece of land next to Plaza Mont' Kiara. The purchase price will be determined via a professional valuer at a later date. Recall that we had in our previous update highlighted this possible MOU.
- The land has been converted into commercial land and all premiums have been paid. The development order for the land has been obtained and approved for a GDV of RM550m. This will consist of i) 2 blocks of 42 storey service apartments (584 units), ii) 2 office block of 23 storey; iii) 1 block of 7 storey podium comprising 3 storey of retail centre and 4 storey of auditorium and iv) 4 storey of basement car park. The GDV of RM550m is similar to what we had estimated of RM588m (6 acres x plot ratio of 6 x 43560 x 75% utilization efficiency x RM500 per sq. ft.). Margins are expected at above 30%.
- The other 30% shareholder of the land is listed company DKLS Industries Bhd. We understand that CapitaLand may look to acquire this remaining 30% stake from DKLS and YNHP may also sell down 10% of its stake to CapitaLand. Hence, ultimately YNHP and CapitaLand may have a 60:40 stake in DKP respectively. If this materialises, we believe the building will be sold to one of the sister companies of CapitaLand. This is similar to its Jalan Sultan Ismail project.
- We understand that the project will be launched towards end-2007/early 2008. We may need to review our FY08-09 forecasts.
- Radiant Mont' Kiara will be launched in the next few weeks. We understand YNHP is still in the midst of negotiating for a possible en-bloc sale to a Korean company. The revised GDV of the project is RM160m (average selling price of RM380 per sq. ft.) vs RM120m (average selling price of RM330 per sq. ft.)
- YNHP's share price has done very well and is trading close to our target price of RM2.34 (based on 9x FY07F EPS). Nonetheless, it is still trades at 41% discount to our RNAV/estimate of RM3.20. Our target price is under review.

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For AmResearch Sdn Bhd

 Gan Kim Khoo  
Executive Director

Quick Take