

18 December 2023

Property | Real Estate

Real Estate

Malaysia Welcomes You

- **Keep OVERWEIGHT; Top Picks: UEM Sunrise (UEMS), Sunway and IOI Properties.** We are upbeat on the new Malaysia My Second Home (MM2H) programme as the age and income requirements are now more reasonable, while the tiered system provides greater flexibility to foreign participants. Iskandar Malaysia should benefit the most as the region is currently seeing an influx of investments and catalysts from infrastructure developments. Kuala Lumpur City Centre (KLCC) and Mont Kiara in the Klang Valley and Penang may also benefit, being preferred locations among foreigners.
- **Revised requirements to open the door to a wider group of individuals.** Under the new MM2H programme, the age requirement has been lowered to 30 and above (vs 35 and above previously) and the programme has also been extended to dependents aged between 21 and 34 who are not working or married in Malaysia. Parents or parents-in-law are also eligible as dependants. Previously, dependents only included spouses, children under 21 and any children with disabilities.
- **Three-tiered system with varying entry visas provides greater flexibility.** Applicants under the Platinum, Gold and Silver categories are required to have a fixed deposit of MYR5m, MYR2m and MYR500k, with the Platinum tier eligible to apply for permanent residence or PR status after obtaining their pass. Meanwhile, the Gold and Silver MM2H passes are valid for 15 years and five years. All applicants are allowed to withdraw a maximum 50% of the amount after a year to purchase properties valued at MYR1.5m (for Platinum passholders) and >MYR750k (for Gold and Silver passholders), as well as for healthcare and tourism spending.
- **Iskandar Malaysia should see a boost.** The revision of the MM2H programme is timely, especially as Iskandar Malaysia is currently seeing a boost in demand, driven by an influx of investments as well as the upcoming completion of the Johor Bahru-Singapore Rapid Transit System (RTS), slated for end-2026. The friendlier policy will help to encourage the potential relocation of skilled workers, which has been the Government's objective to spur growth in Johor. This, in turn, should lift demand for properties especially for those located near to the RTS terminal, and the Tuas link (key players: UEMS, Sunway and Eastern & Oriental (E&O)).
- **Other areas in Malaysia.** KLCC and Mont Kiara as well as Penang should also stand to benefit as they are preferred locations among foreigners. We highlight that UEMS is also a major developer in Mont Kiara and currently has two ongoing projects there (Residensi Allevia and The Minh).
- **Key beneficiaries.** We believe UEMS, Sunway and E&O are key beneficiaries under the new MM2H programme. We re-iterate our OVERWEIGHT call on the sector, as government policies, investment flow, infrastructure developments and the US Federal Reserve's signal of a potential rate cut next year are favourable to stimulate demand for property.

Overweight (Maintained)

Stocks Covered 12
Rating (Buy/Neutral/Sell): 9 / 3 / 0
Last 12m Earnings Revision Trend: Positive

Top Picks

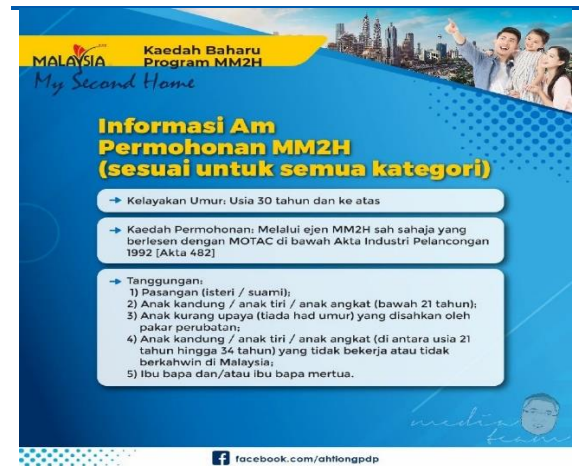
	Target Price
UEM Sunrise (UEMS MK) – BUY	MYR1.18
Sunway (SWB MK) – BUY	MYR2.65
IOI Properties (IOIPG MK) – BUY	MYR2.10

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General requirements for the three tiers



Source: [facebook.com/ahtiongpdp](https://www.facebook.com/ahtiongpdp), various media

Company Name	Rating	Target (MYR)	% Upside (Downside)	P/E (x) Dec-24F	P/B (x) Dec-24F	ROAE (%) Dec-24F	Yield (%) Dec-24F
AME Elite Consortium	Buy	2.00	20.8	13.8	1.2	8.9	2.6
Eastern & Oriental	Buy	0.88	52.3	11.3	0.4	3.7	2.0
IOI Properties	Buy	2.10	23.8	11.6	0.4	3.5	3.7
LBS Bina	Buy	0.82	43.4	6.3	0.6	10.1	4.9
Mah Sing	Buy	0.98	22.7	8.5	0.5	6.1	4.5
Matrix Concepts	Buy	1.88	14.2	8.0	0.9	12.1	6.3
Sime Darby Property	Buy	0.93	61.4	10.1	0.4	3.9	4.3
SP Setia	Neutral	0.93	25.9	12.2	0.2	1.7	2.2
Sunway	Buy	2.65	29.4	16.4	0.9	5.7	2.7
Tambun Indah	Neutral	0.91	9.0	7.1	0.5	6.6	6.6
UEM Sunrise	Buy	1.18	52.7	44.5	0.6	1.2	-
UOA Development	Neutral	1.86	5.1	19.0	0.8	4.4	5.6

Source: Company data, RHB

Figure 1: Changes in MM2H requirements

2021 requirements	Platinum	New requirements Gold	Silver
Minimum offshore income of MYR40k monthly	FD: MYR5m	FD: MYR2m	FD: MYR500k
Minimum fixed deposit (FD) of MYR1m	Must reside for at least a cumulative 60 days a year in Malaysia	Must reside for at least a cumulative 60 days a year in Malaysia	Must reside for at least a cumulative 60 days a year in Malaysia
Minimum liquidity requirement of MYR1.5m			
Duration of visa: Five years	Can apply for permanent residence status after obtaining the Platinum pass	Pass validity: 15 years	Pass validity: Five years
Two groups of applicants: 35-49 years 50 years and above	30 years old and above	30 years old and above	30 years old and above

Source: Various media and websites

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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

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