

► SUNWAY CITY BHD				
	2009*	2010F	2011F	2012F
<b>NET PROFIT (RM mil)</b>	212.7	186.1	206.0	259.0
<b>EPS (sen)</b>	45.3	39.6	43.8	55.1
<b>PER (x)</b>	12.9	9.9	8.9	7.1
<b>DIV YIELD (%)</b>	2.5	7.7	2.3	2.9

\*FYE changed from 30 Jun to 31 Dec. FY09 COVERS 18 month period.

## Sunway City remains a 'Buy' as shares still undervalued

► **Recommendation: Buy**  
**Target Price: RM5.84**  
 By ECM Libra Investment Research (Sept 28)

### Expands Penang Landbank

SUNWAY City Bhd announced the acquisition of an 81-acre freehold land in Sungei Ara, Penang, for RM38.8m cash or RM11 psf.

The group plans to undertake a RM800m residential development comprising 351 units of semi-detached houses and bungalows.

The said land is located in the south-west of Penang Island and is surrounded by matured township consisting of Rain Tree Garden, Regency Heights and Sunrise Garden as well as the group's existing

Sunway Merica project.

### Aggressive Selling Price

While we are positive of the acquisition as it represents one of the largest landbank available in Penang where land is scarce, we view the estimated selling price ranging from RM550psf to RM700psf as aggressive when compared to RM360psf in Setia Pearl Island (semi-detached) and RM560psf in Legenda @ Southbay (bungalow).

The project, which will take five years, is slated for launch in FY11 which we believe is also aggressive as layout plan has not been secured yet.

### Reiterate 'Buy'

Taking a more conservative

view than management, we believe meaningful earnings contribution will only commence from FY13 and as such, no changes to earnings estimates are required for now.

However, we tweaked our FY10-FY12 numbers by +1.2% to +3.9% for housekeeping changes following recent acquisition of remaining minority stakes in Sunway Lagoon not already owned.

Sunway City remains a 'Buy' as it is still undervalued, currently trading at 41% discount to RNAV of RM6.58 (previously RM6.36).

Our TP is raised from RM5.70 to RM5.84 as we continue to peg a 14x P/E to mid CY11 earnings.