

Singapore

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Overweight (no change)

Highlighted Companies

City Developments
ADD, TP S\$8.97, S\$7.14 close

In our view, City Development's (CIT) land restocking activities, with a potential launch pipeline of c.2,000 units, would extend the visibility of its residential earnings. Value-unlocking activities and the nascent recovery of the global hospitality industry could catalyse share price. The stock is trading at a 56% discount to RNAV.

UOL Group
ADD, TP S\$8.00, S\$7.30 close

UOL Group has a high recurring income base, supported by rentals, hotel operations and investment holdings. It has good office exposure through Singapore Land Group (SLG SP, NR). UOL is now trading at a 45% discount to RNAV.

Summary Valuation Metrics

P/E (x)	Dec-21F	Dec-22F	Dec-23F
City Developments	32.67	17.41	11.24
UOL Group	20.15	17.66	16.24
P/BV (x)	Dec-21F	Dec-22F	Dec-23F
City Developments	0.74	0.67	0.59
UOL Group	0.62	0.61	0.59
Dividend Yield	Dec-21F	Dec-22F	Dec-23F
City Developments	1.96%	2.80%	2.80%
UOL Group	2.39%	2.39%	2.39%

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Property Devt & Invt

Resilient Jan home sales

- Jan monthly home sales volume fell 59% yoy but came in 3.5% higher mom.
- Meanwhile, SRX data showed that private and HDB resale prices continued to inch up 0.4% and 1.1% mom, respectively.
- Reiterate sector Overweight on valuations. Sector top picks: CIT and UOL.

Jan new home sales held fairly steady mom

- Jan 22 monthly home sales came in at 725 units, with no significant new project launches during the month. Excluding executive condos (ECs), private home sales amounted to 673 units in Jan 22 (-59% yoy, but relatively stable vs. Dec 21's 650 units). Rest of Central Region (RCR) made up the largest portion of monthly sales (43%), led by Normanton Park, which continued to move another 94 units, bringing its take-up rate to date to 85%, as well as The Woodleigh Residences. Suburban projects (Outside Central Region, OCR) accounted for another 41% of sales, while Core Central Region (CCR) projects accounted for 16% of volume sales.

Private resale volume down yoy, while HDB resale was fairly stable

- Meanwhile, according to Singapore Real Estate Exchange (SRX) data, private resale transactions was down 23.8% mom and 23.1% below the volume achieved in Jan 2021. Within the HDB resale segment, transaction volume grew 0.6% mom but was a slight 2.4% lower than a year ago. With the latest round of property cooling measures put in place in Dec 2020, which included raising additional buyers' stamp duty (ABSD) and lowering total debt service ratio (TDSR), as well as lesser supply of new launches, we believe volume transactions are likely to moderate in the near term. Accordingly, we expect primary home sales volume to dip to 10,000 units in 2022F, or back to close to 2020 level.

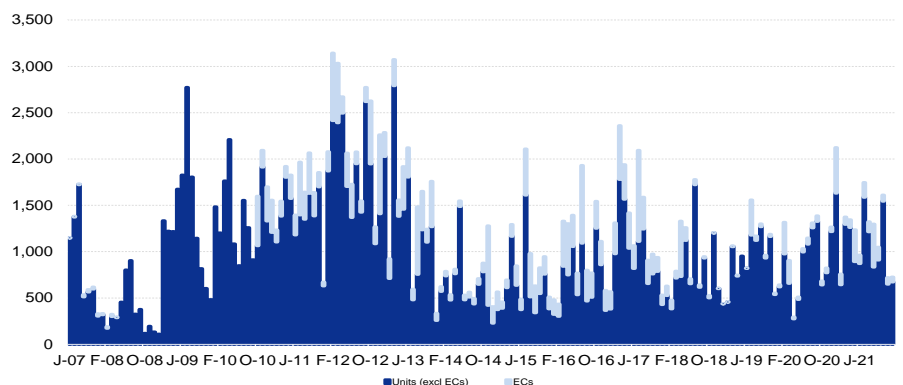
Home prices continued to inch up marginally

- According to SRX, private and HDB resale prices continued to rise slightly in Jan 2022 (+0.4% and +1.1% mom respectively), led by all apartment types and regions. We maintain our expectation for private home prices to rise by 0-5% in 2022F, broadly in tandem with GDP growth projections.

Reiterate sector Overweight

- Developers' valuations still look inexpensive to us, trading at a 47% discount to RNAV, close to 1 s.d. below the long-term mean discount. We prefer developers with visible residential pipelines and strong balance sheets that would enable them to tap into any opportunities during this slower cycle. Our preferred picks are CIT and UOL. Sector re-rating catalysts: good sell-through rates for new launches. Downside risks: faster-than-expected interest rate hikes and property cooling measures that could dampen demand for housing.

Figure 1: Monthly private new home sales volume



SOURCES: CGS-CIMB RESEARCH, URA

Figure 2: Singapore developers peer comparison table

Company	Bloomberg Ticker	Recom.	Price (lc)	Tgt Px (lc)	Mkt Cap (US\$ m)	Core P/E (x)			RNAV FY22F	Prem./(Disc.) to RNAV (%)	P/BV (x)		Div. Yield (%)	
						FY21F	FY22F	FY23F			FY21F	FY22F	FY21F	FY22F
APAC Realty Ltd	APAC SP	Add	0.65	1.00	171	6.4	6.7	6.1	n.a.	n.a.	1.28	1.30	17.3%	11.2%
City Developments	CIT SP	Add	7.23	8.97	4,868	33.1	17.6	11.4	16.30	-56%	0.75	0.68	1.9%	2.8%
Frasers Property Limited	FPL SP	Add	1.10	1.41	3,206	10.8	15.1	16.1	2.56	-57%	0.40	0.38	1.8%	2.7%
Guocoland	GUOL SP	Add	1.51	1.84	1,327	12.3	na	na	3.67	-59%	0.40	na	4.6%	na
Hongkong Land Holdings Ltd	HKL SP	Add	5.71	6.30	13,327	13.4	12.7	12.4	13.50	-58%	0.37	0.35	3.9%	4.0%
UOL Group	UOL SP	Add	7.31	8.00	4,582	20.2	17.7	16.3	13.34	-45%	0.62	0.61	2.4%	2.4%
Wing Tai Holdings	WINGT SP	Add	1.77	1.98	1,004	17.3	15.8	21.2	3.96	-55%	0.38	0.36	1.7%	2.8%
Singapore average						15.1	14.3	13.2		-42%	0.45	0.43	3.2%	3.4%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

Share prices as at 15 Feb 2022

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent,

n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.