

Singapore

March 15, 2022 - 9:02 PM

**Overweight** (no change)

**Highlighted Companies**

**City Developments**

**ADD, TP S\$8.97, S\$7.11 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\$6.76 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 49% discount to RNAV.

**Summary Valuation Metrics**

P/E (x)	Dec-22F	Dec-23F	Dec-24F
City Developments	7.25	8.67	12.55
UOL Group	17.06	16.88	20.25
P/BV (x)	Dec-22F	Dec-23F	Dec-24F
City Developments	0.64	0.57	0.53
UOL Group	0.55	0.54	0.53
Dividend Yield	Dec-22F	Dec-23F	Dec-24F
City Developments	2.81%	2.81%	2.81%
UOL Group	2.58%	2.58%	2.58%

**Analyst(s)**

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# Property Devt & Invt

## Slower activity in Feb

- Feb monthly private home sales volume fell 18% yoy to 527 units.
- Meanwhile, SRX data showed that private and HDB resale prices continued to inch up 0.6% mom, respectively, despite slower sales activity.
- Reiterate sector Overweight on valuations. Sector top picks: CIT and UOL.

### Feb home sales continued to decline

- Feb 22 monthly home sales came in at 559 units, the lowest level since May 2020. Excluding executive condos (ECs), private home sales amounted to 527 units in Feb 22 (-18% yoy, -22.5% mom) due to the Lunar New Year lull, property cooling measures announced in Dec 2021 as well as a low 194 new units released from existing projects for sale during the month. Rest of Central Region (RCR) made up half of monthly sales, led by Normanton Park and Avenue South Residences, which accounted for slightly less than half of RCR sales. Suburban projects (Outside Central Region, OCR) accounted for another 30% of sales, while Core Central Region (CCR) projects accounted for 19% of volume sales. New home sales for the first two months of 2022 amounted to 1,207, 47% lower than the same period last year.

### Private and HDB resale volumes declined yoy

- Meanwhile, according to Singapore Real Estate Exchange (SRX) data, private resale transactions declined 23.9% yoy while HDB resale volume also dipped 12% yoy, due in part to the Lunar Year festive period as well as viewing restrictions on the back of higher Covid-19 cases. We maintain our primary home sales volume projection at 10,000 units in 2022F, or close to the 2020 level.

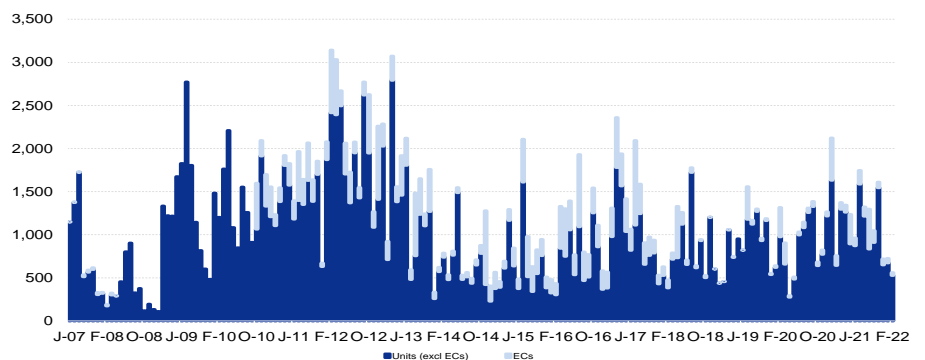
### Home prices continued to inch up marginally mom

- Despite the lower sales activity, according to SRX, private and HDB resale prices continued to rise by a similar 0.6% mom in Feb 2022. Within the private resale segment, RCR and OCR continued to see price increases of +1.1% and +0.6% mom, respectively, while CCR prices decreased by 0.3% mom. 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 42% 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	0.68	0.93	176	6.8	8.2	7.5	n.a.	n.a.	1.49	1.53	15.6%	9.1%
City Developments	CIT SP	Add	7.11	8.97	4,725	na	13.8	8.7	16.30	-56%	0.77	0.64	2.0%	2.8%
Frasers Property Limited	FPL SP	Add	1.05	1.41	3,021	10.3	14.4	15.4	2.56	-59%	0.38	0.37	1.9%	2.9%
Hongkong Land Holdings Ltd	HKL SP	Add	4.84	6.10	11,296	11.7	11.3	11.2	13.50	-64%	0.32	0.32	4.5%	4.5%
Propnex Ltd	PROP SP	Add	1.65	2.07	447	10.2	12.6	12.1	n.a.	n.a.	5.58	5.46	7.6%	6.4%
UOL Group	UOL SP	Add	6.76	8.00	4,183	24.4	17.1	16.9	13.34	-49%	0.56	0.55	2.2%	2.6%
Wing Tai Holdings	WINGT SP	Add	1.69	1.98	946	16.5	15.1	20.3	3.96	-57%	0.36	0.34	1.8%	3.0%
<b>Singapore average</b>						<b>15.6</b>	<b>12.9</b>	<b>11.8</b>		<b>-44%</b>	<b>0.42</b>	<b>0.41</b>	<b>3.4%</b>	<b>3.7%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

Share price as at 15 Mar 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, **BGP** – Excellent, Certified, **BH** – Good, n/a, **BIC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – 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:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	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:

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

#### Country Ratings

Definition:

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