

Singapore

April 18, 2022 - 3:53 PM

**Overweight** (no change)

**Highlighted Companies**

**City Developments**

**ADD, TP S\$8.97, S\$8.36 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 its share price. The stock is trading at a 49% discount to RNAV.

**UOL Group**

**ADD, TP S\$8.00, S\$7.06 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 47% discount to RNAV.

**Summary Valuation Metrics**

P/E (x)	Dec-22F	Dec-23F	Dec-24F
City Developments	8.52	10.19	14.76
UOL Group	17.82	17.63	21.15
P/BV (x)	Dec-22F	Dec-23F	Dec-24F
City Developments	0.75	0.66	0.63
UOL Group	0.58	0.57	0.56
Dividend Yield	Dec-22F	Dec-23F	Dec-24F
City Developments	2.39%	2.39%	2.39%
UOL Group	2.47%	2.47%	2.47%

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# Property Devt & Invt

## Uptick in Mar home sales

- Mar 2022 monthly private home sales volume rose 20.7% mom to 654 units.
- Meanwhile, SRX data showed that private and HDB resale prices continued to inch up 0.8%/0.7% mom, respectively, in Mar despite slower sales activity.
- Reiterate sector Overweight on valuations. Sector top picks: UOL and CIT.

### Mar home sales ticked up mom

- Mar 2022 monthly home sales came in at 702 units. Excluding executive condos (ECs), private home sales amounted to 654 units in Mar 22 (-49.5% yoy, +20.7% mom) due to the impact of property cooling measures announced in Dec 2021, as well as the small quantum of 309 new units released for launch in Mar 22. Rest of Central Region (RCR) made up close to half of monthly sales, led by Normanton Park, One Pearl Bank and Avenue South Residences, which accounted for c.40% of RCR sales. Suburban projects (Outside Central Region, OCR) accounted for another 28% of sales. Core Central Region (CCR) projects accounted for a higher 32% of volume sales in Mar 22 (vs. 19% in Feb), with Leedon Green, The Avenir and Haus on Handy being the more popular projects. New home sales for the first three months of 2022 amounted to 2,012 units, 53% lower than the corresponding period in 2021.

### Private and HDB resale volumes up mom, remain below last year's

- Meanwhile, according to Singapore Real Estate Exchange (SRX) data, private resale transactions rebounded 35.6% mom (-31.4% yoy), while HDB resale volumes grew 19.2% mom (-7.3% yoy). We maintain our primary home sales volume projection at 10,000 units in 2022F, or close to the 2020 level. We believe that with the relaxation of Singapore's Safe Management Measures, allowing more unique household visitors from 29 Mar, more viewings can be done, that would potentially translate to more robust volumes going forward.

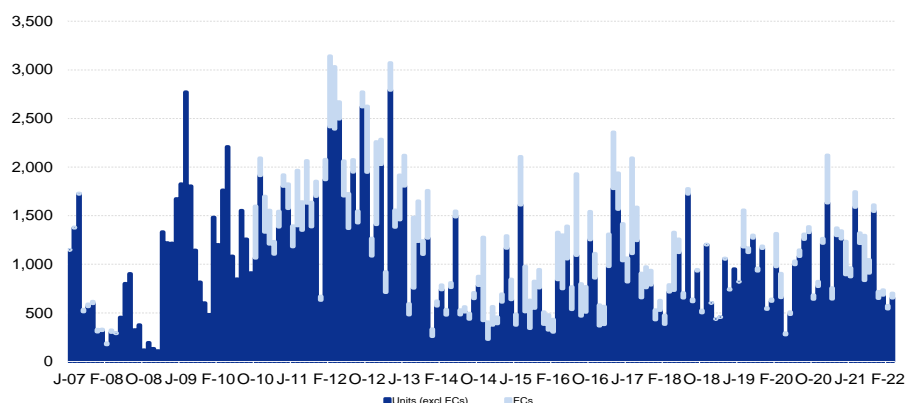
### Home prices continued to tick up mom

- Despite the lower sales activity, according to SRX, private and HDB resale prices continued to rise by a 0.8%/0.7% mom, respectively, in Mar 22. Within the private resale segment, CCR and OCR continued to see price increases of +0.6% and +1.4% mom, respectively, while RCR prices decreased by 0.2% 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 arising during this slower cycle. Our preferred picks are UOL and CIT. Sector re-rating catalysts: good sell-through rates for new launches. Downside risks: faster-than-expected interest rate hikes, weaker economic outlook, 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 FY23F	Prem./Disc. to RNAV (%)	P/BV (x)		Div. Yield (%)	
						FY22F	FY23F	FY24F			FY22F	FY23F	FY22F	FY23F
APAC Realty Ltd	APAC SP	Add	0.78	0.93	203	9.4	8.6	7.7	n.a.	n.a.	1.76	1.61	8.0%	8.8%
City Developments	CIT SP	Add	8.36	8.97	5,588	16.2	10.2	14.8	16.30	-49%	0.75	0.66	2.4%	2.4%
Frasers Property Limited	FPL SP	Add	1.12	1.41	3,241	15.4	16.4	14.1	2.56	-56%	0.39	0.36	2.7%	3.6%
Hongkong Land Holdings Ltd	HKL SP	Add	4.86	6.10	11,343	11.4	11.2	10.7	13.50	-64%	0.32	0.30	4.5%	4.5%
Propnex Ltd	PROP SP	Add	1.84	2.07	502	14.0	13.5	12.9	n.a.	n.a.	6.09	5.51	5.7%	5.9%
UOL Group	UOL SP	Add	7.06	8.00	4,394	17.8	17.6	21.1	13.34	-47%	0.58	0.57	2.5%	2.5%
Wing Tai Holdings	WINGT SP	Add	1.76	1.98	991	15.7	21.1	na	3.96	-56%	0.36	0.33	2.8%	2.8%
<b>Singapore average</b>						<b>13.7</b>	<b>12.4</b>	<b>13.0</b>		<b>-35%</b>	<b>0.43</b>	<b>0.40</b>	<b>3.5%</b>	<b>3.6%</b>

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

Share prices as at 14 Apr 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.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	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.