Singapore Company Focus

Guocoland

Bloomberg: GUOL SP | Reuters: GUOC.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

5 Apr 2022

DBS is supported by the Research Talent Development Grant Scheme which aims to groom research talent to expand research coverage of small-mid cap SGX listed companies

BUY

(Initiating Coverage)

Last Traded Price (4 Apr 2022): S$1.53 (STI : 3,416.97)

Price Target 12-mth: S$2.30 (50% upside)

Potential Catalyst: Acquisitions of investment properties, additions to land bank

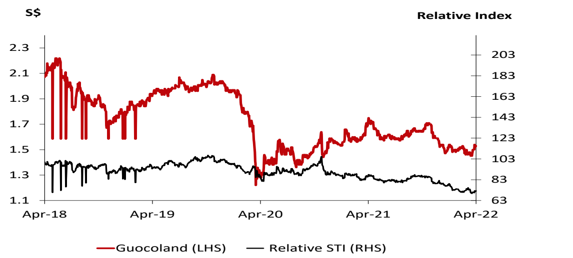
Analyst

Singapore Research Team groupresearch@dbs.com

Derek TAN +65 6682 3716 derektan@dbs.com

Rachel TAN +65 6682 3713 racheltanlr@dbs.com

Price Relative



Forecasts and Valuation

FY Jun (S$m)	2020A	2021A	2022F	2023F
Revenue	935	854	965	1,203
EBITDA	282	351	329	356
Pre-tax Profit	156	240	211	238
Net Profit	113	172	157	177
Net Pft (Pre Ex.)	113	172	157	177
EPS (S cts)	10.2	15.5	14.1	15.9
EPS Pre Ex. (S cts)	10.2	15.5	14.1	15.9
EPS Gth (%)	(56)	51	(9)	13
EPS Gth Pre Ex (%)	(56)	51	(9)	13
Diluted EPS (S cts)	10.2	15.5	14.1	15.9
Net DPS (S cts)	7.00	6.00	6.00	6.00
BV Per Share (S cts)	347	360	369	378
PE (X)	15.0	9.9	10.8	9.6
PE Pre Ex. (X)	15.0	9.9	10.8	9.6
P/Cash Flow (X)	nm	4.4	nm	9.0
EV/EBITDA (X)	24.6	18.9	21.4	19.9
Net Div Yield (%)	4.6	3.9	3.9	3.9
P/Book Value (X)	0.4	0.4	0.4	0.4
Net Debt/Equity (X)	0.9	0.8	0.9	0.8
ROAE (%)	3.0	4.4	3.9	4.3

GIC Industry : Real Estate

GIC Sector: Real Estate Management & Development

Principal Business: Guocoland Limited develops and invests in properties.

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

A multi-bagger play on value unlocking

- Strong residential property sales momentum to continue, driving revenue CAGR of 19% from FY21-23F
- Beneficiary of office upcycle on flight to quality trend; further upside to earnings from revaluation of Guoco Midtown
- Valuations undemanding at P/NAV of 0.40x, c.1.5 SD below the 5-year mean of 0.52x, with decent 3.9% yield
- Potential securitisation of commercial portfolio or conversion into a stapled security presents share price upside ranging 50%-100%

A play into future-ready living. GuocoLand's development projects located in Singapore, Malaysia and China are built to accommodate the rising expectations of comfort and convenience. We expect positive sales momentum to continue, catering to both local and foreign demand, driving revenue CAGR of 19% from FY21-23F for this segment that contributed 84% to FY21 revenue.

Beneficiary of office upcycle. We believe that the flight to quality trend will lead the office market recovery in Singapore. GuocoLand is well-positioned to capitalise on this trend, given that Guoco Midtown is the only source of new supply of CBD Grade A office space in Singapore in 2022-2023. This is on top of positive rental reversionary trends expected for Guoco Tower in a tight supply market. There is potential upside to our earnings from the revaluation of Guoco Midtown that we have yet to factor in.

Potential restructuring to crystallise value? Trading at a P/NAV multiple of just 0.40x and 3.9% yield, valuations are attractive. With a growing portfolio of commercial assets, the potential securitisation of GuocoLand's income-producing portfolio or conversion into a "stapled security" could be a significant share price catalyst, with potential upside ranging from 50% to 100%.

Valuation:

Initiate with a BUY and TP of S$2.30, pegged to a conservative 60% discount to our revalued net asset value (RNAV) of S$5.70 as the stock is illiquid compared to its larger developer peers.

Key Risks to Our View:

Economic slowdown, weak sentiment, faster than expected increase in interest rates, and regulatory risks.

At A Glance

Issued Capital (m shrs)	1,183
Mkt. Cap (Sm/USm)	1,810 / 1,334
Major Shareholders (%)	
Guoco Group Ltd	70.7
Fairbury Pte Ltd	6.2
Free Float (%)	23.1
3m Avg. Daily Val (US$m)	0.15

ed: JS/ sa: PY, CS

Live more, Bank less

Table of Contents

Investment Summary

Initiate with BUY, TP S$2.30. We are initiating coverage on GuocoLand Limited with a BUY recommendation and TP of S$2.30, based on a conservative 60% discount to our RNAV of S$5.70. This represents potential upside of 51%. The stock currently trades at an attractive P/NAV of 0.4x and offers decent FY22F and FY23F yields of 3.9% p.a..

High-end residential projects positioned to attract both local and foreign demand. With its strong pipeline of development properties located in strategic urban areas, Guocoland's projects appeal to flight to quality trend for homebuyers. As flexible working arrangements such as the new hybrid work-from-home (WFH) trend becomes the normal in a post-COVID-19 world, we think that buyers would be more inclined towards quality residential developments that exhibit an efficient use of space with supporting amenities that offer a work-live-play lifestyle. GuocoLand's development properties are built around the future lifestyles of people and accommodate their rising expectations of comfort and convenience. Further, as borders reopen, we also anticipate foreign demand to return for private residential properties in Singapore, especially in prime locations.

Earnings boost in FY22-23F from substantially sold residential projects. GuocoLand has more than S$4bn of development projects on the books (34% of assets), of which a substantial portion has been sold (mainly in Singapore). As the Group will recognise profits of sold projects in the coming years, we see a big jump in earnings growth in those years. With share price having a strong correlation to revenues from the group's development projects, we expect the stock to rise higher, closing the P/NAV gap of 0.4x towards its historical mean.

Best leveraged into office upcycle. We expect the flight to quality trend to lead the office market recovery in Singapore as companies start their hybrid return-to-office plans and employees demand for offices with an increased emphasis on well-being. According to JLL Singapore, demand for CBD Grade A office space could outpace supply given the limited supply as Guoco Midtown is the only new Grade A office project (completing in 2023) coming onstream in the near term while some of the older office buildings will cease leasing activities for redevelopment. We see a shift in demand towards quality office space and GuocoLand is well-positioned to cater to this demand.

Growth in recurring income from expanding portfolio of investment properties. GuocoLand has a portfolio of quality investment properties located in Singapore, Malaysia, and China. Singapore contributed c.92% of rental and related income in FY21, largely from the Group's flagship integrated mixed-use development, Guoco Tower, as well as prime office building 20 Collyer Quay. Both have high occupancies – 100% (office) and 99% (retail) for Guoco Tower and 92% (office) for 20 Collyer Quay - as of 31 December 2021. With several upcoming mixed-use developments, namely Guoco Midtown in Singapore, Guoco Changfeng City and Chongqing Guocoland 18T in China, the investment portfolio will be further enlarged upon their completions. With the total volume of GuocoLand's premium Grade A office space poised to increase to more than 3m sqft, we expect recurrent rental income to grow, which will help to cushion some of the earnings volatility in the property development segment.

Attractive valuations. GuocoLand currently trades at a P/NAV multiple of 0.40x, which is c.1.5 SD below its 5-year historical mean and much lower compared to peer average of 0.62x. We believe the market has placed too large a discount on GuocoLand's valuation given its expertise in property development and strong project pre-sales.

Potential restructuring to crystallise value. The steep discount to its book value, coupled with strong demand for its quality assets, could present some opportunities for value to be unlocked. Possible scenarios include 1) securitisation of its income-producing portfolio; or 2) conversion into a "stapled security", potentially driving a share price re-rating ranging from 50% to 100%.

Revalued Net Asset Value (RNAV) of GuocoLand

RNAV	S$
Net Asset Value (NAV)	4,971.0m
Total Surplus Value	1,327.3m
Less: MI	30.4m
RNAV	**6328.8m**
RNAV/share	**5.70**
Discount	60%
TP	**2.30**

Source: Company, DBS Bank

Key risks

1. Regulatory risks such as cooling measures implemented by the government could affect demand for private properties
2. Rising interest rates resulting in higher financing costs
3. Higher construction costs on the back of COVID-19 restrictions and higher material costs

Valuation & Peers Comparison

Revalued book per share of S$5.70/share. Our revalued NAV (RNAV) for GuocoLand stands at S$5.70/share, which implies c.57% upside against its latest NAV of S$3.62 as of end Dec 2021 and c.270% above the current share price. Our RNAV valuation has accounted for (i) our fair value estimates for its major investment properties, and (ii) realisable values for its major development projects. Our target price of S$2.30 is based on a 60% discount to RNAV, a steeper discount as the stock is illiquid compared to its larger developer peers.

Trading at an attractive P/NAV of 0.40x compared to peer average of 0.62x. GuocoLand currently trades at a P/NAV of 0.40x, which is c.1.5 SD below its 5-year historical mean of 0.52x. Even comparing to just its mid-cap peers (Ho Bee Land, Bukit Sembawang and Tuan Sing), it is trading at a discount. We believe that current valuations are unjustifiably low, still close to trough P/NAV post cooling measures in Dec 2021, providing an attractive entry point to the stock.

Trough P/NAV post cooling measures

Cooling measures	FSTREH	GuocoLand
Govt implemented cooling measures (22 Dec'21)	**0.53x**	**0.39x**
Govt implemented ABSD (6 Jul'18)	0.52x	0.48x
Govt imposed TDSR (9 Dec'13)	0.75x	0.96x
Govt imposed TDSR (29 Jun'13)	0.80x	0.88x
Govt raised ABSD / lowered LTV (12 Jan'13)	0.89x	0.91x
Govt first implemented ABSD (8 Dec'11)	0.62x	0.84x

ABSD: Additional Buyer's Stamp Duty
TDSR: Total Debt Servicing Ratio
Source: URA, Bloomberg Finance L.P, DBS Bank

Peer Comparables

Company	Mkt Cap (S$bn)	Price (S$) as of 23 Mar'22	P/NAV (x)
City Developments Ltd	6.8	7.47	0.80
Frasers Property Ltd	4.2	1.07	0.44
UOL	6.0	7.07	0.59
Ho Bee Land	1.9	2.93	0.49
Bukit Sembawang	1.3	5.03	0.90
Tuan Sing	0.5	0.41	0.39
Average (all peers)			**0.60**
Average (mid-cap peers)			**0.60**
GuocoLand	1.7	1.46	0.40

Source: Bloomberg Finance L.P, DBS Bank

RNAV Valuation Breakdown

RNAV Valuation	
NAV (S$m)	4,971.0
Total Surplus Value (S$m) – details on next page	1,327.3
Less: MI (S$m)	(30.4)
RNAV (S$m)	**6328.8**
Discount to RNAV	60%
Number of shares (m)	1,109.8
Target Price (S$)	**2.30**

Source: Company, DBS Bank

RNAV Valuation

Location	Stake	NLA (sqft)	Assumed Cap	Value (S$m)
Investment Properties				4803.1
20 Collyer Quay	57%	222,300	3.50%	288.9
Guoco Tower	80%	1,090,000	3.50%	2282.9
Guoco Midtown	80%	802,290	3.50%	1688.2
Singapore				4260.0
Damansara City	68%	2,129,270	6.00%	135.1
PJ Corporate Park	68%	409,602	6.00%	26.0
Commerce One	68%	220,000	6.00%	14.0
Malaysia				175.1
Guoco Changfeng City	100%	2,103,286	5.50%	334.6
18T	75%	279,789	5.50%	33.4
China				368.0
Hotel Properties				597.3
Sofitel Singapore City Centre				305.1
Sofitel Kuala Lumpur Damansara				103.3
Thistle Johor Bahru				97.3
Thistle Port Dickson Resort				91.6
Value of Investment Properties				5400.4
Less: Book Value of Investment Properties				(5239.7)
Surplus of Investment Properties				160.7
Development Projects	Stake			Surplus Value (S$m)
Martin Modern	100%			1.1
Meyer Mansion	70%			97.3
Midtown Modern	60%			123.8
Midtown Bay	70%			38.4
The Avenir	40%			135.4
Wallich Residence	80%			50.0
Lentor Central	100%			166.0
Lentor Hills Parcel A	30%			84.7
Singapore				611.9
Emerald 9	68%			64.9
Emerald Hills	68%			59.9
Emerald Warang	34%			76.3
The Oval	68%			12.7
DC Residensi	68%			12.7
Malaysia				213.8
Chongqing Central Park	75%			162.8
18T	75%			178.1
China				340.9
Surplus of Development Properties				1,166.7
Total Surplus Value				1,327.3

Source: Company, DBS Bank

Possible restructuring scenarios

An attractive target. GuocoLand currently trades at P/NAV of 0.40x, c.1.5 SD below its 5-year mean of 0.52x. The steep discount to its book value, coupled with strong demand for its quality assets, present opportunities for value to be unlocked. In our view, possible scenarios include 1) securitisation of its income-producing portfolio or 2) conversion into a "stapled security", potentially driving a share price re-rating.

Scenario 1: Securitisation
GuocoLand's investment property portfolio is currently valued at c.S$5.2bn (estimated RNAV of S$5.4bn), which is sizable to potentially consider securitisation of all or part of the portfolio. The high occupancy would appeal to REIT investors who seek portfolios that generate a stable and visible income stream.

Securitising its investment properties will subject it to REIT regulations such as a cap on leverage and mandatory distribution of at least 90% of its income. However, it is also accompanied by benefits such as tax transparency and the ability to unlock value of its investment properties. The REIT can also act as a vehicle for GuocoLand to monetise its commercial developments going forward while enabling the group to redeploy capital into future development opportunities. Shareholders of GuocoLand may benefit from the unlocking of the value of its investment properties.

A scenario of monetisation of its S$2.5bn investment property portfolio (Guoco Tower and 20 Collyer Quay) or S$5.2bn (including Guoco Midtown) into a REIT (40% gearing) may bring in S$0.93 – S$1.68/share to shareholders.

Scenario 2: Conversion into a Stapled Security
GuocoLand could consider restructuring into a stapled trust, a hybrid structure that holds both a REIT component as well as a development component. The hybrid structure is a marriage of the key appeals of both its investment property and development portfolios. By transferring a selected list of income-producing investment properties in a REIT structure would allow shareholders to benefit from higher tax efficient yields. As such, we believe pricing will be closer to the commercial S-REITs current valuation of P/NAV of c.1.0x. At the same time, GuocoLand would be able to continue to invest in development projects. In addition, with the major shareholders retaining control, we believe this is a possible option that can be explored.

Assuming that GuocoLand places its 3 key assets - Guoco Tower, Guoco Midtown and 20 Collyer Quay - into the REIT component of the stapled security, fair value for GuocoLand can potentially rise to S$3.50/share.

5-year P/NAV (x) of GuocoLand

Source: Bloomberg Finance L.P., Company, DBS Bank

Strength in property development

Residential projects in strategic locations as a key revenue driver. GuocoLand has a strong pipeline of development properties located in prime urban areas, which is in line with the Group's strategy of identifying and seizing growth opportunities. There is more than S$4bn worth of development projects on its books and this is the key revenue driver for GuocoLand (c.84% of revenue in FY21). Key development projects in Singapore include Martin Modern (100% stake), Meyer Mansion (100% stake), Midtown Modern (60% stake), Midtown Bay (70% stake), Wallich Residence (80% stake), and The Avenir (40% stake). The Group was also recently awarded government land sites at Lentor Central (100% stake), Lentor Hills Road (30% stake), which will be launched sometime in 2022-2023.

Consistent solid sales a testament to GuocoLand's strength in property development; incoming earnings boost from several projects. Midtown Modern was launched in March 2021 and has already sold 72% of its 558 units as at 31 December 2021. Martin Modern, which obtained its Temporary Occupation Permit ("TOP") in May 2021, was fully sold and Wallich Residence was 77% sold, while Midtown Bay and Meyer Mansion were 32% and 41% sold as of 31 December 2021, respectively. With c.67% of its projects in the core central region (CCR) sold within c.2 years of launch, GuocoLand's luxury properties do indeed appeal to an increasing pool of buyers who demand quality. Given that the Group will be recognising profits of sold projects in the coming years, we expect an incoming earnings boost.

Marginal impact from new property cooling measures. To cool the residential market after housing prices surged despite the pandemic, new measures introduced in Dec 2021 include higher Additional Buyer's Stamp Duty (ABSD) rates for Singapore citizens and permanent residents buying their 2nd property and above, as well as lower Total Debt Serving Ratio (TDSR). While the general property market could start slowing from 2022 onwards, we think that GuocoLand is likely to be minimally affected by the new round of property curbs with its strong pre-sales and ample time for unsold projects to TOP. We also believe that with higher taxes placed on investors rather than homeowners, demand going forward is likely to be driven by home buyers.

New hybrid work-from-home ("WFH") trend; flight to quality for homebuyers. As flexible working arrangements such as the new hybrid WFH trend becomes the new normal in a post-COVID-19 world, we think that buyers could be more inclined towards quality residential developments that exhibit an efficient use of space and have amenities that enhance their lifestyles. GuocoLand's development properties are built around the future lifestyles of people and their rising expectations of comfort and convenience, with features such as an expansive garden concept and concierge services. Although GuocoLand's projects are of a higher average investment quantum, we could see a flight to quality where buyers prefer homes that enable a seamless transition between work, live and play as they spend more time at home now.

Summary of GuocoLand's development projects in Singapore

Development Property	Location	Stake	Temporary Occupation Permit (TOP)	% sold as of 31 Dec 2021
Martin Modern	Robertson Quay in prime District 9	100%	2021	100%
Meyer Mansion	Prime seafront residential district of Meyer Road	100%	2024	41%
Midtown Modern	Prime Beach Road district	60%	2024	72%
Midtown Bay	Prime Beach Road district	70%	2022	32%
Wallich Residence	Central Business District (CBD) directly above Tanjong Pagar MRT station	80%	2018	77%
The Avenir	River Valley neighbour in prime District 9	40%	2025	35%
Lentor Central	Prime site at Lentor Central integrated with upcoming Lentor MRT station	100%	-	-
Lentor Hills Road	Next to Lentor MRT station	30%	-	-

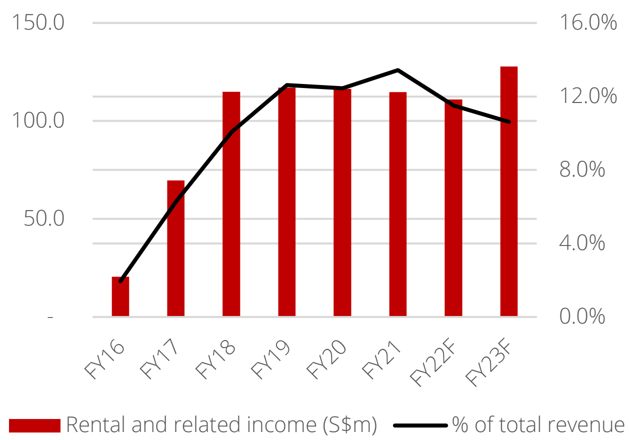
Source: Company, DBS Bank

Recurrent rental income gives a boost to revenues

Steady rental income from investment properties. Rental income from GuocoLand's investment properties has been steadily rising over the years, providing a boost to revenues. FY21 rental income of c.S$115m made up 13% of total revenue compared to rental income of c.S$21m five years ago at only 2% of FY16 total revenue. This segment's revenue is concentrated in Singapore, contributing c.92% to FY21 total rental and related income from investment properties.

The Group has two main investment properties in Singapore currently, Guoco Tower and 20 Collyer Quay. Guoco Tower, its flagship integrated development, comprises 890,000 sqft of premium Grade A office space and 100,000 sqft of retail space while 20 Collyer Quay is a 24-storey office building strategically located in the heart of the central business district. Both have high occupancy rates – 100% (office) and 99% (retail) for Guoco Tower and 92% (office) for 20 Collyer Quay as of 31 December 2021 and have stayed relatively stable over time. In 2021, Guoco Tower also enjoyed positive rental reversions of more than 10% from new leases and expansions.

Rental and related income from FY16 to FY23F



Source: Company, DBS Bank Estimates

Growth in recurring rental income. With four mixed-use developments currently under construction in Singapore, China, and Malaysia - Guoco Midtown in Singapore, Guoco Changfeng City and Chongqing Guocoland 18T in China, as well as Emerald 9 in Malaysia - the investment portfolio will be further enlarged upon their completions in 2023-2024. The total footprint of GuocoLand's premium Grade A office space will significantly increase to more than 3m sqft, making the Group a major landlord in Singapore, driving further growth in recurring rental income. This also allows GuocoLand to pivot towards building a more stable and recurring income base, which can help to cushion some of the earnings volatility in the development properties segment.

GuocoLand's investment properties cater to the future of work. While WFH has its positives, it has also brought about an unintended consequence of WFH fatigue, with many leaning towards a hybrid working arrangement. According to the 2021 Regenerative Workplace report from JLL, employees now find that an increased emphasis on well-being is an important factor for them to return to office, such as having relaxation spaces and outdoor areas in the office, which can improve engagement and productivity. Recognising this trend early, GuocoLand does incorporate wellness facilities into its projects. For example, Guoco Midtown, with an abundance of amenities such as a pool, jogging track, fitness corners and gardens, aims to be a new generation office to cater to the future of work. We believe there will be high demand for these refreshing office spaces, transforming employee expectations for the office environment.

GuocoLand also shared that many companies have indicated an interest in leasing office spaces at Guoco Tower and Guoco Midtown. These companies are from a variety of sectors such as technology, finance, and consumer related companies looking to set up their regional headquarters in Singapore etc. Hence, we expect Grade A offices to continue to attract tenants and remain resilient.

Recovery of hotels is around the corner

Portfolio of four hotels in Singapore and Malaysia. The Group currently owns four hotels in Singapore and Malaysia – Sofitel Singapore City Centre, Sofitel Kuala Lumpur Damansara, Thistle Johor Bahru Hotel and Thistle Port Dickson Hotel. While Sofitel Singapore City Centre and Sofitel Kuala Lumpur Damansara are managed by Accor under its luxury 'Sofitel' brand, Thistle Johor Bahru Hotel and Thistle Port Dickson Hotel are managed directly by the Group.

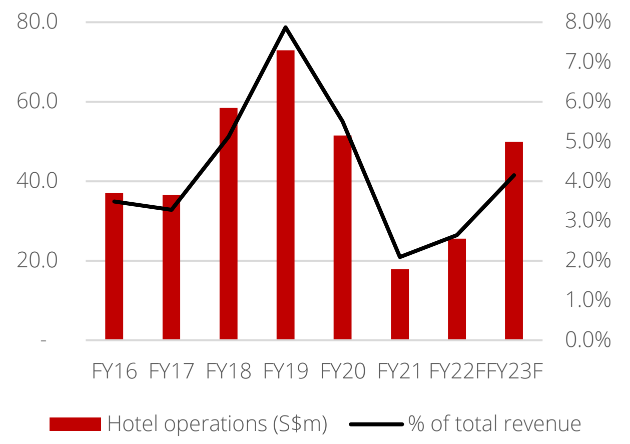
Hotel business impacted by COVID-19 but border re-openings bode well. The hospitality sector was one of the hardest hit during COVID-19 and GuocoLand's hotel business was no exception. Hotel revenues fell by c.29% in FY20 and c.65% in FY21 when travel restrictions were enacted, contributing only 6% to FY20 total revenue and 2% to FY21 total revenue. This was in contrast to the period before COVID-19 when revenues were climbing. The hotel segment contributed 3% to total revenue in 2016 and 2017, before steadily rising to 5% in 2018 and 8% in 2019. However, there is light at the end of the tunnel now with high vaccination rates and easing of travel restrictions.

Simultaneous recovery with travel. As Singapore moves from a pandemic to endemic handling of COVID-19, we expect the hotel business to recover hand in hand with travel. Singapore will be open to all fully vaccinated travellers from 1 April 2022, with an aim of restoring passenger volumes to at least 50% of pre-COVID-19 levels this year.

With Hotel Sofitel Singapore City Centre located in the heart of the Central Business District (CBD), right above the Tanjong Pagar MRT station, and close to several well-known attractions and great food options, we are confident the hotel is well positioned to capture the recovery as travel returns. Demand should come from (i) domestic staycation, especially families who may still not be comfortable travelling; (ii) inbound leisure travellers; and (iii) corporate demand, given its location within the CBD, all of which have green shoots. Our RevPAR recovery trajectory for Singapore to pre-COVID-19 levels is 50%/90%/100% in FY22F/23F/24F.

Domestic and international recovery for Malaysia. Domestic recovery is underway for Malaysia as it lifted its inter-state travel ban in Oct 2021 when the country's vaccination rate reached 90%. According to the Malaysian Association of Hotels (MAH), average reservations for hotel rooms nationwide surged by 20% to 25% after the government lifted the ban. However, domestic demand alone is insufficient and Malaysia's hospitality industry can only fully recover with the return of international tourists. We expect to see a boost in occupancy for the three hotels in Malaysia in FY22 on the back of pent-up demand as its borders finally reopen on 1 Apr 2022. Our RevPAR recovery trajectory projection for Malaysia to pre-COVID-19 levels is 50%/85%/100% in FY22F/23F/24F.

Hotel operations income from FY16 to FY23F



Source: Company, DBS Bank Estimates

Key Risks

Country risks. GuocoLand Limited is exposed to country risks including economic changes, political changes, or policy changes in countries in which it operates in. These are Singapore, China, Malaysia, United Kingdom, and Australia. As economies are increasingly interdependent on one another and the global economic landscape, a change in the strength of the global economy might result in a downturn in the economy in any one of the countries GuocoLand operates in. This could negatively affect tenant demand for rental properties and residential project sales, and hence income and distributions to shareholders of GuocoLand.

In addition, GuocoLand will be impacted by changes in the real estate market conditions in the five countries. Any changes in supply or reduced demand for real estate assets will have an impact on demand and the attractiveness of its properties to tenants and buyers.

Interest rate risks. If interest rates continue to rise, this may have a negative impact on GuocoLand's borrowing costs and profits. Although GuocoLand actively reviews its debt portfolio and utilises interest rate derivatives to hedge its exposures, rising interest rates could affect its all-in borrowing costs when these hedges and debt obligations come due.

Foreign currency risks. GuocoLand has operations in five countries and is therefore exposed to foreign currency risks. Although there is some level of hedging for overseas investments, GuocoLand reports its financials in SGD and annual dividends are also paid out in SGD. It is also exposed to foreign currency risk on sales, purchases, receivables, and borrowings that are denominated in currencies other than SGD.

Regulatory risks. Should there be any changes in tax laws in either Singapore or overseas countries that GuocoLand invests in, this may affect its current structure and investment vehicles. This may affect GuocoLand's operations and ability to repatriate cash in a tax efficient manner.

As a foreign entity operating in five other countries, shifts in international trade policies and regulations may disadvantage the Group and pose as a potential risk.

SWOT Analysis

Strengths	Weakness
• **Established property developer.** GuocoLand has been honoured with numerous awards and accolades both locally and internationally, in recognition of its portfolio of quality, innovative developments and commitment to business excellence.	• **Low segment and geographical diversification.** In FY21, 84% of total revenue came from the development properties segment and more than 70% of total revenue was contributed by GuocoLand Singapore.
• **Integrated development projects to cater to new norms.** GuocoLand's second flagship integrated development in Singapore, Guoco Midtown, incorporates a commercial leasing concept for hybrid working as well as amenities and recreational facilities to meet the rising expectations of employees.	• **Relatively high gearing.** Gearing remains relatively high at c.1.0x as of 31 December 2021, leaving little debt headroom.
Opportunities	**Threats**
• **Focusing on its strength in residential developments.** GuocoLand has several upcoming luxury development properties projects, especially in Singapore, which will continue to remain a key driver of earnings. We think there could be a flight to quality trend where buyers prefer homes that enable a seamless transition between work, live and play.	• **Higher construction costs.** With the labour crunch caused by COVID-19 travel restrictions since 2020 and higher material costs, construction costs are expected to continue rising. This could pose a risk for GuocoLand as there are a few upcoming development projects.
• **Expansion in investment portfolio to boost recurring income.** With four mixed-use developments currently under construction in Singapore, China and Malaysia, the investment portfolio will be further enlarged upon completion. This allows GuocoLand to pivot towards building a more stable and recurring income base, which can help to cushion some of the earnings volatility in the development properties segment.	• **Rising interest rates.** Rising interest rates may have a negative impact on GuocoLand's borrowing costs and profits.
	• **Demand for homes could fall due to property cooling measures.** With the measures implemented in Dec 2021 to curb property prices, it could potentially result in a downtrend in the property market in the coming years.

Source: DBS Bank

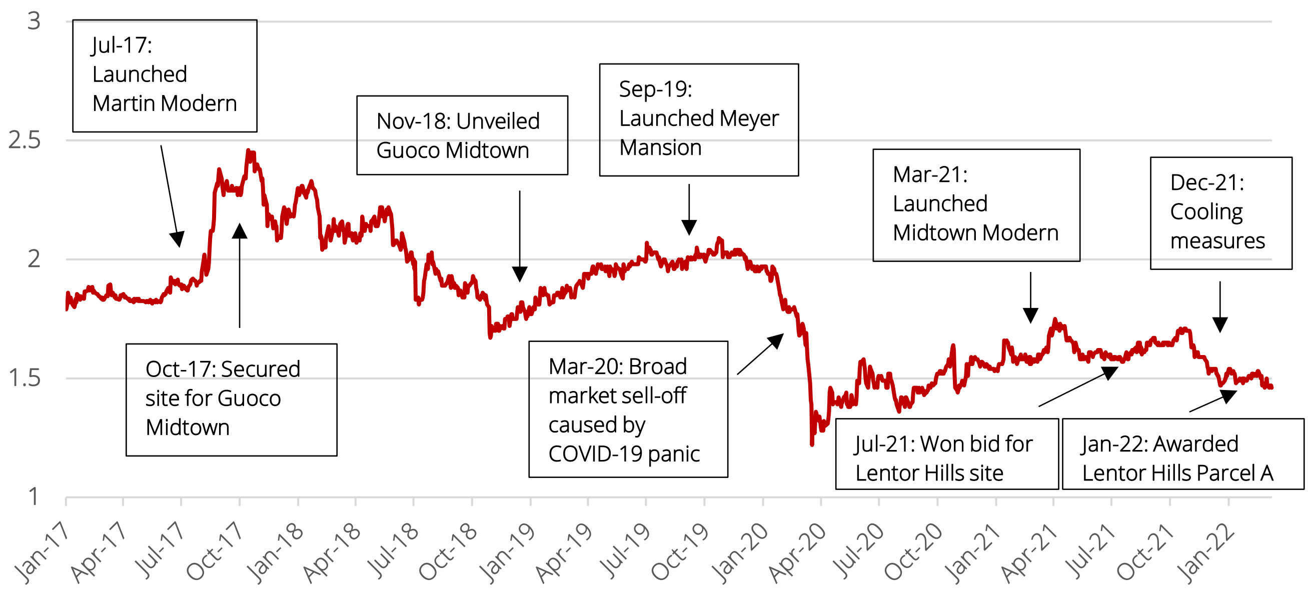
Critical Factors

Quality residential developments remain as a key driver. Revenue from GuocoLand's development properties segment consistently makes up the bulk of its annual income. In FY21, this segment contributed 84% of total revenue. Given its strength in luxury residential developments, we expect this segment to sustain its momentum with strong demand from upgraders and potentially from foreigners once borders gradually reopen during 2022. Coupled with GuocoLand's growing interest and expansion into mixed-use developments, we think that this appeals to an increasing number of buyers who like an integrated and seamless lifestyle. We believe that the launch of these new and exciting development projects and its strong sales rates could positively impact GuocoLand's earnings and in turn share price.

Occupancy rate and positive reversions at investment properties. With the new work-from-home trend, demand for office space could lessen but we believe that Grade A offices will continue to attract tenants and remain resilient given the ongoing "flight to quality". We also think that office spaces that can support new lifestyle trends together with working, such as unique features that cater to wellness or social networking needs, will see healthy demand like GuocoLand's upcoming mixed-use development Guoco Midtown. The occupancy rate and rental rates of GuocoLand's investment properties are important factors to drive rental income, which stood at 13% of FY21 revenue.

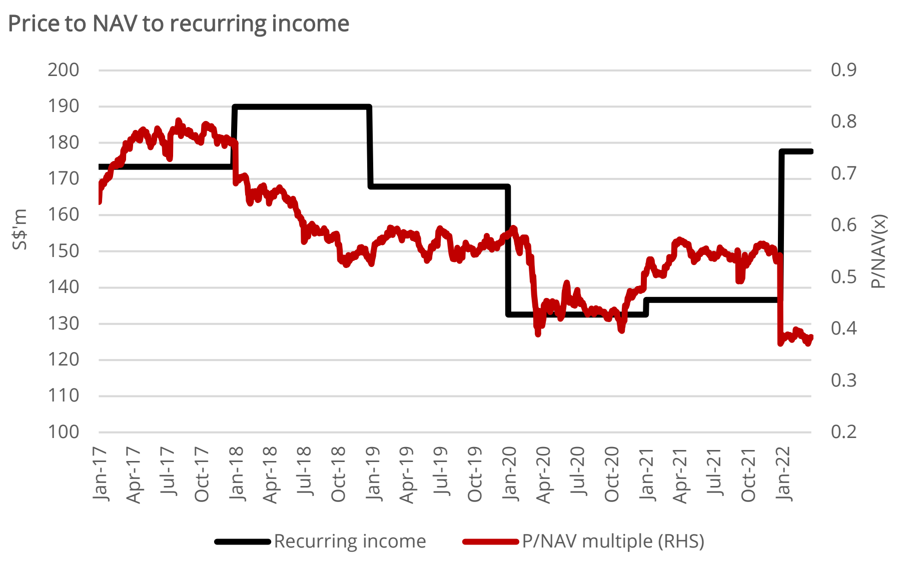
Government regulations. Changes in property-related regulations can have an impact on the demand and supply of residential properties in Singapore. To cool the residential market, new measures introduced in Dec 2021 include higher Additional Buyer's Stamp Duty (ABSD) rates for Singapore citizens and permanent residents buying their 2nd property and above, as well as lower Total Debt Serving Ratio (TDSR). We think that private property prices will still climb, albeit at a slower pace in 2022, and we think that select developers like GuocoLand will remain resilient on the back of strong pre-sales and ample time for properties to TOP.

GuocoLand Limited's historical share price performance (S$)



Source: Bloomberg Finance L.P., DBS Bank

GuocoLand Limited's P/NAV showed a 0.62x corelation with commercial and hospitality recurring income

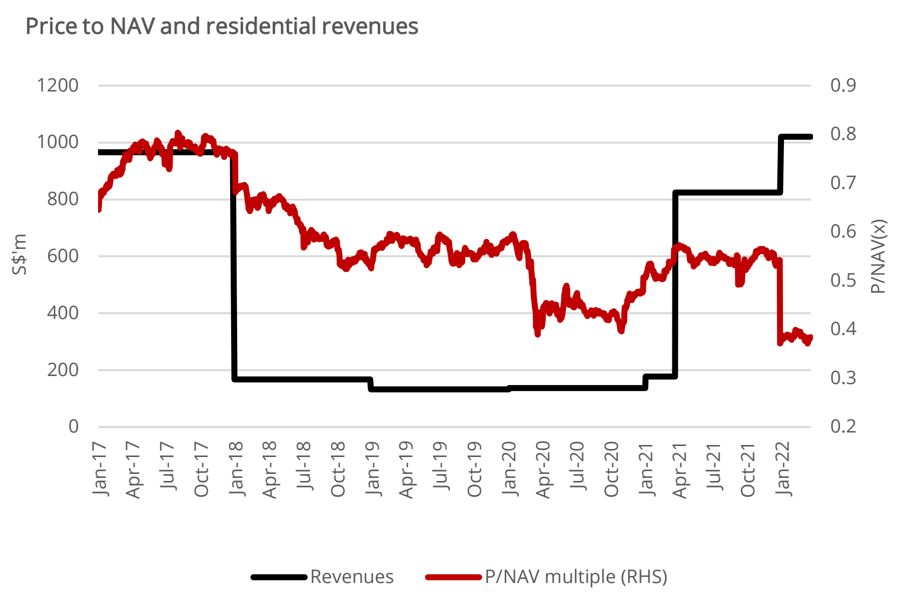


Source: Bloomberg Finance L.P., DBS Bank

Remarks

We note a strong correlation between P/NAV and recurring income at 0.64x (FY17-21). The expected jump in recurring income in 2022-2023 is expected to drive P/NAV higher towards the 0.6x level.

GuocoLand Limited's P/NAV showed a 0.64x corelation with development income



Source: Bloomberg Finance L.P., DBS Bank

Remarks

We note a strong correlation between P/NAV and development revenues, which has formed > 80% of revenues over the years, at 0.64x. With strong pre-sales for its projects and launches planned in 2H22, strong sales momentum would drive share price.

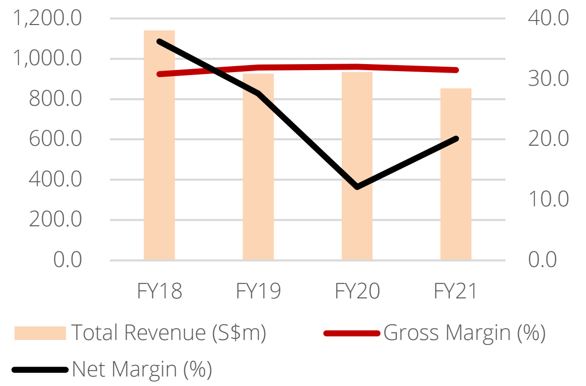
Financials

Revenue. GuocoLand's revenue has been on a downward trend from FY18 to FY21 as revenue from its core development properties segment was declining. The revenue from development properties of S$716.8m contributed to 84% of FY21 total revenue of S$853.7m. This segment depends highly on the progress and collections of its property development projects, which is inherently lumpy. In FY21, there was lower progressive recognition of sales y-o-y as sales and construction of Martin Modern reached its end, while the other development projects are still in the early stages of construction. Revenue from the hotel segment also fell by 65% y-o-y in FY21, impacted by COVID-19 and travel restrictions.

However, revenue from investment properties remained firm on the back of high occupancy rates, especially in Singapore. Rental income has grown from a single digit contribution to total revenue in FY15-FY17 to double digit contribution to total revenue in FY18-FY21. In FY18, the office component at Guoco Tower made its maiden full year contribution, with total rental income growing 65% y-o-y. In FY21, rental income contributed to 13% of total revenue. The investment properties remained resilient and the committed occupancies of the office space at Guoco Tower and 20 Collyer Quay were 100% and 92% respectively as at 31 December 2021, with Guoco Tower reporting positive rental reversions for new and renewed leases. Although rental income is a small segment, GuocoLand has recognised the importance of building a sustainable recurrent income base for stability hence its growing interest in developing integrated developments to build a portfolio of recurring-income assets. Upcoming mixed-use developments like Guoco Midtown and Lentor Hills will help to further drive growth in rental income and we assume contribution will start from FY23F.

Margins. Gross profit margin for FY21 was stable at c.31% while net profit margin jumped to 20% in FY21 as there was a fair value gain on investment properties of S$71.5m and fair value gain on derivative financial instruments of S$34.6m. We observed that net margin was high at 36.2% in FY18 due mainly to contributions from Changfeng Residence, the joint venture residential project in Shanghai that was completed and substantially sold during the year while net margin was low at 12.1% in FY20 due to impairment loss for the joint venture investment in EcoWorld International Berhad and fair value loss on derivative financial instruments.

Revenue vs margins from FY18-21



Source: Company, DBS Bank Estimates

Cost of sales. The cost of development properties is a large proportion of cost of sales. In FY21, the cost of development properties amounted to S$492m, which is c.84% of the cost of sales.

Healthy balance sheet. The Group is in a healthy financial position with net debt of S$4.0bn in FY21, which has come down slightly from S$4.3bn in FY20 as repayments were made during the year. Gearing declined to 1.0x in FY21 from 1.1x in FY20

Segmental Breakdown

FY Jun	2018A	2019A	2020A	2021A	2022F	2023F
Revenues (S$m)						
Development Properties	965.6	733.4	764.3	716.8	824.1	1,020.5
Hotel Operations	58.4	73.0	51.5	17.9	25.5	49.9
Rental Income	114.9	117.0	116.4	114.7	111.0	127.7
Management Fees	2.8	3.6	2.6	4.4	4.7	4.9
Total	1,142	927	935	854	965	1,203
Revenues (S$m)						
GuocoLand Singapore	1,032	744	756	618		
GuocoLand China	25.0	20.3	3.40	12.6		
GuocoLand Malaysia	82.2	144	124	205		
Others	2.55	19.2	51.5	17.9		
Total	1,142	927	935	854		
Gross Profit (S$m)						
GuocoLand Singapore	357	305	95.4	223		
GuocoLand China	146	18.9	(13.5)	(20.7)		
GuocoLand Malaysia	(7.2)	(3.0)	(2.7)	45.2		
Total	423	288	89.4	202		
Gross Profit Margins						
GuocoLand Singapore	34.6	41.0	12.6	36.1		
GuocoLand China	585.1	93.1	(396.8)	(164.6)		
GuocoLand Malaysia	(8.8)	(2.1)	(2.2)	22.0		
Total	37.0	31.0	9.6	23.7		

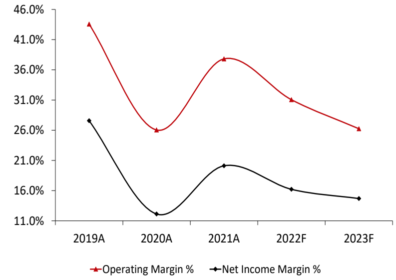
Source: Company, DBS Bank

Income Statement (S$m)

FY Jun	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	1,142	927	935	854	965	1,203
Cost of Goods Sold	(790)	(631)	(636)	(585)	(639)	(798)
Gross Profit	352	296	299	268	327	405
Other Opng (Exp)/Inc	47.9	108	(55.9)	54.4	(27.1)	(89.7)
Operating Profit	399	404	243	323	300	316
Other Non Opg	0.0	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	207	12.8	20.9	12.7	13.3	24.5
Net Interest (Exp)/Inc	(122)	(108)	(108)	(95.7)	(102)	(102)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	484	309	156	240	211	238
Tax	(61.5)	(21.4)	(66.7)	(37.8)	(33.2)	(37.5)
Minority Interest	(9.3)	(31.9)	24.0	(30.4)	(21.1)	(23.8)
Preference Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	413	256	113	172	157	177
Net Profit before	413	256	113	172	157	177
EBITDA	607	434	282	351	329	356
Growth						
Revenue Gth (%)	2.6	(18.8)	0.8	(8.7)	13.1	24.6
EBITDA Gth (%)	14.7	(28.6)	(35.0)	24.7	(6.4)	8.3
Opg Profit Gth (%)	(17.3)	1.1	(39.7)	32.6	(7.1)	5.3
Net Profit Gth (Pre-ex)	15.7	(38.1)	(55.6)	51.4	(8.8)	12.9
Margins & Ratio						
Gross Margins (%)	30.8	31.9	32.0	31.4	33.9	33.7
Opg Profit Margin (%)	35.0	43.6	26.0	37.8	31.1	26.2
Net Profit Margin (%)	36.2	27.6	12.1	20.1	16.2	14.7
ROAE (%)	11.5	6.7	3.0	4.4	3.9	4.3
ROA (%)	4.3	2.5	1.1	1.5	1.4	1.6
ROCE (%)	3.8	3.8	1.4	2.5	2.3	2.4
Div Payout Ratio (%)	20.0	30.4	68.5	38.8	42.5	37.7
Net Interest Cover (x)	3.3	3.8	2.2	3.4	2.9	3.1

Source: Company, DBS Bank

Margins Trend



Interim Income Statement (S$m)

FY Jun	1H1H	2H2019	1H2020	2H2020	1H2021	2H2021
Revenue	311	616	572	363	320	534
Cost of Goods Sold	(217)	(415)	(393)	(242)	(225)	(361)
Gross Profit	94.4	201	179	121	95.0	173
Other Oper. (Exp)/Inc	(28.8)	137	(47.0)	(8.9)	(20.5)	74.9
Operating Profit	65.6	338	132	112	74.5	248
Other Non Opg	0.0	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	22.5	(9.7)	7.03	13.9	7.96	4.74
Net Interest (Exp)/Inc	(53.5)	(54.2)	(51.3)	(57.0)	(42.8)	(52.9)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	34.5	275	87.4	68.7	39.6	200
Tax	2.42	(23.8)	(18.0)	(48.7)	(25.4)	(12.4)
Minority Interest	0.10	(32.0)	5.08	19.0	8.68	(39.1)
Net Profit	37.0	219	74.5	38.9	22.9	149
Net profit bef Except.	37.0	219	74.5	38.9	22.9	149
EBITDA	88.4	329	139	126	82.4	253
Growth						
Revenue Gth (%)	(24.0)	98.1	(7.1)	(36.6)	(11.9)	67.1
EBITDA Gth (%)	(72.5)	272.2	(57.7)	(9.4)	(34.6)	207.2
Opg Profit Gth (%)	(77.7)	416.1	(61.1)	(15.2)	(33.4)	233.6
Net Profit Gth (%)	(81.9)	490.7	(65.9)	(47.8)	(41.1)	549.9
Margins						
Gross Margins (%)	30.4	32.7	31.2	33.3	29.7	32.5
Opg Profit Margins (%)	21.1	54.9	23.0	30.8	23.3	46.5
Net Profit Margins (%)	11.9	35.5	13.0	10.7	7.2	27.9

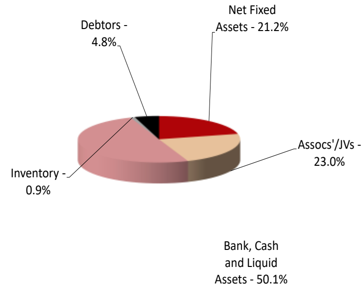
Source: Company, DBS Bank

Balance Sheet (S$m)

FY Jun	2018A	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	618	592	489	479	613	748
Invts in Associates & JVs	894	544	530	518	531	556
Other LT Assets	4,661	4,908	4,942	5,011	5,011	5,011
Cash & ST Invts	885	824	934	1,129	738	711
Inventory	0.0	0.0	78.9	20.9	20.9	20.9
Debtors	307	146	202	108	260	324
Other Current Assets	3,055	3,017	3,963	4,049	4,049	4,049
Total Assets	10,421	10,031	11,139	11,316	11,224	11,419
ST Debt	1,632	285	723	947	947	947
Creditor	275	204	247	371	232	289
Other Current Liab	51.0	61.5	80.6	124	59.7	64.0
LT Debt	3,292	4,204	4,542	4,165	4,165	4,165
Other LT Liabilities	613	634	784	764	764	764
Shareholder's Equity	4,164	4,232	4,258	4,407	4,497	4,607
Minority Interests	394	411	503	537	558	582
Total Cap. & Liab.	10,421	10,031	11,139	11,316	11,224	11,419
Non-Cash Wkg. Capital	3,037	2,898	3,917	3,684	4,038	4,041
Net Cash/(Debt)	(4,039)	(3,666)	(4,331)	(3,983)	(4,374)	(4,401)
Debtors Turn (avg days)	74.2	89.3	68.0	66.4	69.6	88.5
Creditors Turn (avg	150.7	142.2	133.2	198.1	176.8	121.8
Inventory Turn (avg	N/A	N/A	23.3	31.9	12.2	9.7
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1	0.1
Current Ratio (x)	2.2	7.2	4.9	3.7	4.1	3.9
Quick Ratio (x)	0.6	1.8	1.1	0.9	0.8	0.8
Net Debt/Equity (X)	0.9	0.8	0.9	0.8	0.9	0.8
Net Debt/Equity ex MI	1.0	0.9	1.0	0.9	1.0	1.0
Capex to Debt (%)	0.6	0.2	(4.0)	0.1	2.9	2.9

Source: Company, DBS Bank

Asset Breakdown

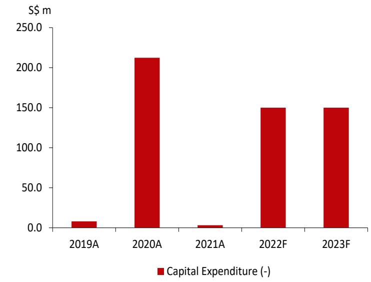


Cash Flow Statement (S$m)

FY Jun	2018A	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	484	309	156	240	211	238
Dep. & Amort.	16.1	16.8	17.2	15.7	15.7	15.7
Tax Paid	(34.0)	(28.0)	(26.7)	(91.1)	(97.5)	(33.2)
Assoc. & JV Inc/(loss)	(204)	(12.8)	(20.9)	(12.7)	(13.3)	(24.5)
Chg in Wkg.Cap.	569	270	(933)	177	(290)	(6.8)
Other Operating CF	(601)	(234)	75.5	59.4	0.0	0.0
Net Operating CF	231	321	(732)	388	(174)	189
Capital Exp.(net)	(27.4)	(8.0)	212	(3.2)	(150)	(150)
Other Invts.(net)	(1,426)	(42.0)	(81.5)	150	0.0	0.0
Invts in Assoc. & JV	6.95	(113)	(3.7)	(0.3)	0.0	0.0
Div from Assoc & JV	1.20	163	29.3	18.5	0.0	0.0
Other Investing CF	12.2	298	81.5	48.4	0.0	0.0
Net Investing CF	(1,433)	298	238	213	(150)	(150)
Div Paid	(77.7)	(79.4)	(79.2)	(84.3)	(66.6)	(66.6)
Chg in Gross Debt	555	(425)	768	(145)	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0	0.0
Other Financing CF	482	(157)	(83.6)	(194)	0.0	0.0
Net Financing CF	960	(662)	605	(423)	(66.6)	(66.6)
Currency Adjustments	6.38	(19.2)	2.49	21.9	0.0	0.0
Chg in Cash	(236)	(61.5)	114	200	(391)	(27.3)
Opg CFPS (S cts)	(28.6)	4.64	18.1	19.0	10.4	17.7
Free CFPS (S cts)	17.2	28.3	(46.8)	34.7	(29.2)	3.54

Source: Company, DBS Bank

Capital Expenditure



Company Background

GuocoLand Limited was listed on Singapore Exchange Securities Trading Limited in 1978. Headquartered in Singapore, the principal business activities of GuocoLand and its subsidiaries ("the Group") are property development, property investment, hotel operations and property management. It is a premier regional property company with operations in Singapore, China, Malaysia and Vietnam. In 2017, GuocoLand marked its expansion beyond Asia into United Kingdom and Australia through a strategic partnership with Eco World Development Group Berhad in Eco World International Berhad. The Group's portfolio comprises residential, hospitality, commercial, retail, mixed-use and integrated developments spanning across the region. As of 31 December 2021, the Group's total assets amounted to S$12.1bn.

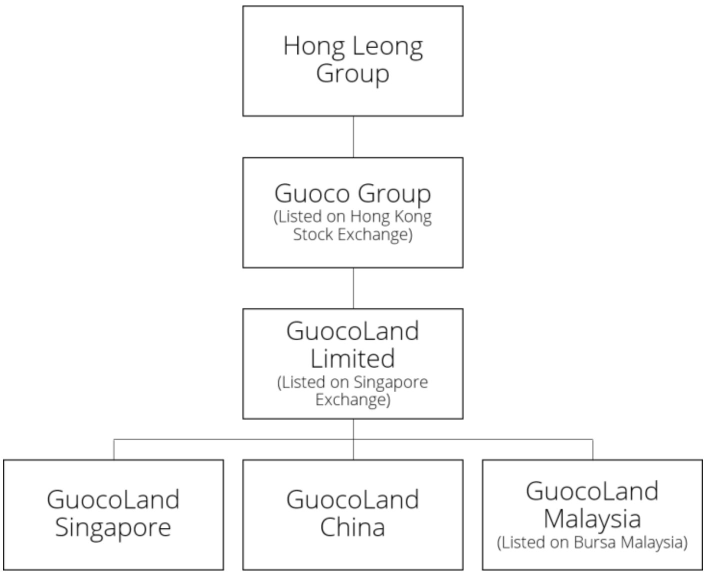
Award-winning developer. GuocoLand has been honoured with numerous awards and accolades both locally and internationally, in recognition of its portfolio of quality, innovative developments and commitment to business excellence.

Corporate Structure. GuocoLand Limited is part of Guoco Group Limited (GGL), which is listed on The Stock Exchange of Hong Kong Limited. It is an investment holding and investment management company with operations and investments covering Asia and Europe. Headquartered in Hong Kong, GGL primarily operates in Hong Kong, China, Singapore, Malaysia, and the United Kingdom.

GGL is owned by Hong Leong Group (HLG). Founded in 1963, it is one of the largest conglomerates in South East Asia. Its operations span the globe with core businesses in a diverse range of industries – financial services, manufacturing and distribution, property development and investment, hospitality and leisure, consumer goods, healthcare, and principal investments.

GuocoLand Singapore, GuocoLand China and GuocoLand Malaysia are wholly-owned subsidiaries of GuocoLand Limited.

Corporate Structure



Source: Company, DBS Bank

Management

Key Senior Management

Name	Position	Summary
Mr Cheng Hsing Yao	Chief Executive Officer and Non-Independent Executive Director	• Mr Cheng was appointed Group Managing Director and Chief Executive Officer on 1 July 2021. • Prior to joining GuocoLand, he was with the Singapore public service, where he held leadership positions at the Centre for Liveable Cities and the Urban Redevelopment Authority (URA). • Mr Cheng is a board member of the National Parks Board. He is also co-chairman of the Integrated Digital Delivery Steering Committee (IDDSC) and Central Procurers Panel (CPP) for the Building and Construction Authority (BCA), as well as a member of the URA's Design Advisory Committee as well as Heritage and Identity Partnership. • In January 2021, Mr Cheng was appointed by the President of the Republic of Singapore as a Nominated Member of Parliament. • Besides serving as an executive committee member of the Urban Land Institute (ULI) Singapore, Mr Cheng is a member of the management board of the Institute of Real Estate and Urban Studies (IREUS) at the National University of Singapore (NUS) as well as the Leadership Advisory Group for the HealthCity Novena Masterplan 2030 and Beyond by the National Healthcare Group (NHG). In addition, he is also a Director of the Business Improvement (BID) association for Tanjong Pagar. • Mr Cheng holds a Master's in Design Studies from Harvard University, Bachelor of Architecture from Newcastle University, United Kingdom, and a Bachelor of Arts from NUS.
Mr Andrew Chew	Group Chief Financial Officer	• Mr Chew joined GuocoLand in 2011 and was appointed Group Chief Financial Officer with effect from 1 January 2022. As Group CFO, Mr Chew will be responsible for all financial matters including financial reporting and operations, corporate finance, taxation, risk management and treasury functions. He is also involved in driving GuocoLand's digitalisation and sustainability efforts. Mr Chew was instrumental in securing the Group's first green loan of S$730 million in 2020 for Midtown Modern. • Prior to joining GuocoLand, Mr Chew worked with GL Limited (then known as GuocoLeisure Limited), owned by Hong Kong-listed Guoco Group Limited. • Mr Chew has more than 20 years of accounting, finance and management experience. He graduated with a Bachelor of Business (majoring in Accounting) from Monash University in Australia.
Ms Valerie Wong	Group General Manager, Asset Management	• Ms Wong's expanded role as Group General Manager, Asset Management includes overseeing GuocoLand's growing portfolio of investment properties, comprising investment assets in Singapore, China and Malaysia. She was most recently General Manager of the Group's Singapore commercial operations. • Ms Wong has more than 25 years of experience in asset management, and spearheaded the launch of Guoco Tower's premium Grade A offices, which continues to enjoy close to full occupancy and positive lease reversions even during the pandemic. She also led the placemaking efforts of the integrated development and was a founding member of the Discover Tanjong Pagar Business Improvement District initiative.

Name	Position	Summary
Mr Peter Lee Wai Mun	Country Head, GuocoLand China	• Mr Lee was appointed as the new Country Managing Director of the wholly-owned subsidiary GuocoLand China to oversee GuocoLand's business in China, as well as its portfolio of development and investment assets in China. Mr Lee's appointment takes effect from 1 April 2022. • Mr Lee brings with him a wealth of experience in China's real estate market, including that of tier one cities like Shanghai and Beijing. His last role was as deputy head of business development with Keppel Land China. Mr Lee was instrumental in the acquisition and management of several development projects, and oversaw joint ventures with Chinese partners. He also led multiple business development teams in key China cities.
Mr Tan Wee Bee	Country Head, GuocoLand Malaysia	• Mr Tan is the Group Managing Director of GuocoLand Malaysia. He brings over 25 years of experience in property development and construction industry; both in Singapore and Malaysia as well as internationally. He started his career with the Housing & Development Board of Singapore as a Structural Engineer, then as a Project Engineer at China Construction International. • In 1997, Mr Tan joined Sunway Group and worked his way up the ranks from a senior manager in charge of the building material business (precast concrete) in Singapore, expanding to Malaysia; to an Executive Director for the construction division (southern region), followed by property development division in the region. • He assumed the role of Deputy Managing Director in 2015 responsible for property development of all townships and projects in Malaysia and Singapore. In 2018, he relocated to Johor to expand the Singapore business and to concentrate on Sunway Iskandar township, a 1,800 acres award-winning integrated township. Mr Tan was tasked to further the overseas expansion of Sunway Property's business in various international markets in 2020. • Mr Tan graduated with a Bachelor of Engineering, Civil Engineering from National University of Singapore ("NUS") in 1995. He further obtained a Master of Science, Civil Engineering from NUS in 2001, and a Master of Business Administration from State University of New York at Buffalo, USA in 2004.

Source: Company

DBS Bank recommendations are based on Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 5 Apr 2022 06:33:42 (SGT)
Dissemination Date: 5 Apr 2022 07:14:10 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

(a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
(b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate[1] does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests[2] in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates have proprietary position in City Developments, UOL Group, recommended in this report as of 28 Feb 2022.

Compensation for investment banking services:

2. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Guocoland, Tuan Sing Holdings, City Developments, Frasers Property Ltd, UOL Group, as of 28 Feb 2022.

3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Guocoland, Tuan Sing Holdings, City Developments, Frasers Property Ltd, UOL Group, in the past 12 months, as of 28 Feb 2022.

4. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

[1] An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

Directorship/trustee interests:

5. Olivier Lim Tse Ghow, a member of DBS Group Holdings Board of Directors, is a Advisor of Frasers Property Ltd as of 31 Dec 2021.

Disclosure of previous investment recommendation produced:

6. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd (“DBSVS”) or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946. DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 (“CA”) in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for “wholesale investors” within the meaning of the CA.
Hong Kong	This report has been prepared by a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited ("DBS HK"), a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore. For any query regarding the materials herein, please contact Carol Wu (Reg No. AH8283) at dbsvhk@dbs.com
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies. Wong Ming Tek, Executive Director, ADBSR

Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd. For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@th.dbs.com]
United Kingdom	This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore. This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules. This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page. Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC. Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010). The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to

	which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way. Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.
United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG
DBS (Hong Kong) Ltd
Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

SINGAPORE
DBS Bank Ltd
Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd
Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand