

Singapore

June 7, 2022 - 9:46 PM

Overweight *(no change)*

Highlighted Companies

Capitaland Investment ADD, TP S\$4.59, S\$3.88 close

Capitaland Investment (CLI) is one of the largest real estate investment managers in Asia. Growth in funds under management and fee income, efficient capital deployment and improved operating performance of its investment and lodging properties would likely underpin its ROE expansion and share price re-rating. The stock is trading at a 24% discount to RNAV.

City Developments ADD, TP S\$8.97, S\$8.26 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\$7.35 close

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

Summary Valuation Metrics

P/E (x)	Dec-22F	Dec-23F	Dec-24F
Capitaland Investment	20.87	19.94	18.02
City Developments	8.42	10.07	14.58
UOL Group	18.55	18.36	22.02
P/BV (x)	Dec-22F	Dec-23F	Dec-24F
Capitaland Investment	1.16	1.11	1.06
City Developments	0.75	0.66	0.62
UOL Group	0.60	0.59	0.58
Dividend Yield	Dec-22F	Dec-23F	Dec-24F
Capitaland Investment	1.68%	1.75%	1.94%
City Developments	2.42%	2.42%	2.42%
UOL Group	2.37%	2.37%	2.37%

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Property Devt & Invt

Increasing private residential land supply

- New residential units under the Confirmed List in the GLS programme increased to 3,505 units for 2H22 (from 2,785 units in 1H22).
- The increase in residential supply is likely to enable developers to replenish their landbank.
- Reiterate sector Overweight on valuations. Preferred picks: CIT, CLI, UOL

2H22 GLS programme offers 14 confirmed and reserve sites

- The government has released land sites for 7,310 residential units (3,505 confirmed, 3,805 reserved), 94.75k sq m GFA of commercial space and 530 hotel rooms under its 2H2022 government land sale (GLS) programme. Of the total 14 sites, seven are new offerings, namely at Marina Gardens Lane, Tampines Avenue 1, Lentor Central, Clementi Avenue 1, Jalan Tembusu, Senja Close (EC) and Tengah Plantation Loop (EC). The Marina Gardens Lane site is the first land parcel to be offered in the Marina South precinct, located near Gardens by the Bay.

Boosting confirmed residential supply

- Overall, the private residential supply in the 2H22 Confirmed and Reserve List is 12.5% higher hoh as the government sought to address the dwindling unsold inventory situation, in our view. While the overall residential land supply earmarked under the 2H22 GLS is the highest level since end-2018, it is still below the average supply over the past 10 years of c.9,000 units. We believe this increase in land supply will likely enable developers to replenish their landholdings and extend their development income visibility, while taking into account macro uncertainties, including rising interest rates and slower economic growth outlook.

Maintain forecast of up to 5% price growth for 2022F

- Meanwhile, the URA property price index recorded a 0.7% qoq improvement for 1Q22, supported by a 2.2% price hike for OCR properties. According to Singapore Real Estate Exchange (SRX) data, private and HDB resale prices continued to rise by 0.7%/1.1% mom in Apr 2022, bringing YTD (Jan-Apr) price improvements to 2.7%/3.7%, respectively. We retain our expectation for private home prices to rise by up to 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, CLI and UOL. Sector re-rating catalysts: good sell-through rates for new launches. Downside risks: faster-than-expected interest rate hikes, slower economic outlook and property cooling measures that could dampen demand for housing.

Figure 1: Residential units offered under the Government Land Sale Programme

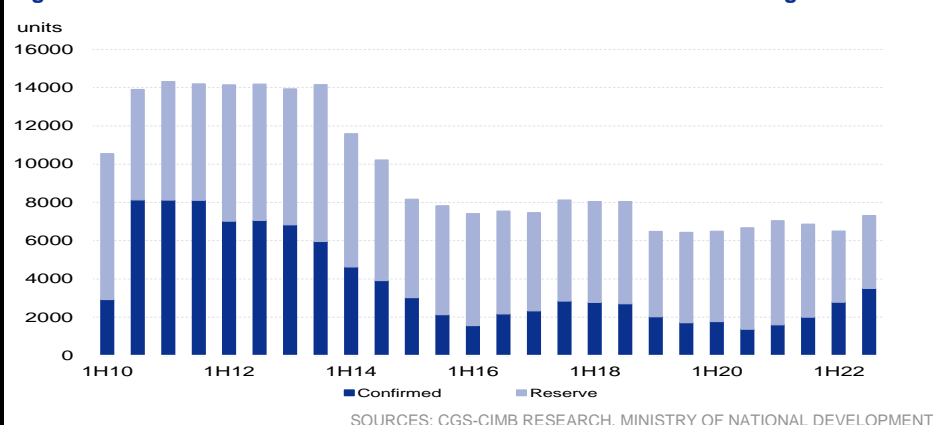


Figure 2: Singapore developers peer comparison table

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	0.59	0.93	152	7.2	6.5	5.9	n.a.	n.a.	1.34	1.23	10.4%	11.5%
CapitaLand Investment	CLI SP	Add	3.88	4.59	14,446	20.9	19.9	18.0	5.10	-24%	1.16	1.11	1.7%	1.8%
City Developments	CIT SP	Add	8.26	8.97	5,438	16.1	10.1	14.6	16.30	-49%	0.75	0.66	2.4%	2.4%
Frasers Property Limited	FPL SP	Add	1.10	1.41	3,135	15.1	16.1	13.9	2.56	-57%	0.38	0.36	2.7%	3.6%
Hongkong Land Holdings Ltd	HKL SP	Add	5.20	6.10	12,136	12.1	12.0	11.5	10.20	-49%	0.34	0.32	4.2%	4.2%
Propnex Ltd	PROP SP	Add	1.68	2.07	451	12.8	12.3	11.8	n.a.	n.a.	5.56	5.04	6.3%	6.5%
UOL Group	UOL SP	Add	7.35	8.00	4,506	18.6	18.4	22.0	13.34	-45%	0.60	0.59	2.4%	2.4%
Wing Tai Holdings	WINGT SP	Add	1.78	1.98	985	15.9	21.3	na	3.96	-55%	0.36	0.34	2.8%	2.8%
Singapore average						15.8	14.6	14.8		-37%	0.56	0.52	2.8%	2.9%

 SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS
 Share price as at 7 Jun 2022

Figure 3: Proposed sites for 2H22 Government Land Sales Programme

Location	Site area (ha)	Proposed GPR	Est. no of residential units ⁽¹⁾	Est. no of hotel rooms	Est. commercial space (m ²)	Est launch date	Sales agent
Confirmed List							
Residential sites							
Bukit Timah Link	0.46	3.0	160	0	0	Aug-22	URA
Hillview Rise	1.03	2.8	335	0	0	Aug-22	URA
Lentor Gardens ⁽²⁾	2.18	2.1	530	0	0	Oct-22	URA
Marina Gardens Lane ⁽³⁾⁽⁴⁾	1.23	5.6	795	0	750	Dec-22	URA
Tengah Plantation Loop (EC) ⁽³⁾	1.77	2.8	495	0	0	Dec-22	HDB
Commercial & Residential sites							
Tampines Avenue 11 ⁽³⁾⁽⁵⁾	5.07	2.5	1,190	0	14,000	Dec-22	HDB
Total (Confirmed List)			3,505	0	14,750		
Reserve List							
Residential sites							
Pine Grove (Parcel B) ⁽⁶⁾	2.5	2.1	565	0	0	Available	URA
Tampines Street 62 (Parcel B) (EC)	2.8	2.5	700	0	0	Available	HDB
Lentor Central ⁽³⁾⁽⁷⁾	1.47	2.8	475	0	0	Oct-22	URA
Clementi Avenue 1 ⁽³⁾⁽⁸⁾	1.33	3.5	500	0	0	Nov-22	URA
Jalan Tembusu ⁽³⁾	2.01	3.5	825	0	0	Nov-22	URA
Senja Close (EC) ⁽³⁾⁽⁹⁾	1.02	3	300	0	0	Nov-22	HDB
White sites							
Woodlands Avenue 2 ⁽¹⁰⁾	2.75	4.2	440	0	78,000	Available	URA
Hotel sites							
Reiver Valley Road ⁽¹¹⁾	1.02	2.8	0	530	2,000	Available	URA
Total (Reserve List)			3,805	530	80,000		
Total (Confirmed and Reserve List)			7,310	530	94,750		

(1) The estimated number of dwelling units (DU) for Executive Condominium sites and sites in Central Area take into account the average unit sizes of recent comparable developments. The Development Control guidelines issued on 17 Oct 2018 for the maximum allowable number of residential units are used to estimate the yield of residential units for sites in Outside Central Area. The estimated number of residential units have been adjusted based on revised site areas. (2) Site is imposed with a minimum 600 sqm GFA for childcare centre. (3) New sites introduced in 2H2022. (4) Site is imposed with a retail cap of 750 sqm GFA and a minimum 500 sqm GFA for childcare centre. (5) A mixed-use development with integrated community and bus interchange facilities (estimated 11,250 sqm GFA). Retail cap is 12,000 sqm GFA. (6) Site is imposed with a DU cap of 565 residential units. (7) Site is imposed with a minimum 500 sqm GFA for childcare centre. (8) Site is imposed with a DU cap of 500 residential units. (9) Site may be imposed with a minimum 500 sqm GFA for childcare centre, subject to further study. (10) Site is imposed with a retail cap of 33,000 sqm GFA and a minimum office quantum of 45,000 sqm GFA. (11) Site is imposed with a retail cap of 2,000 sqm GFA. (12) Refers to estimated date the detailed conditions of sale will be available and applications can be submitted.

SOURCES: CGS-CIMB RESEARCH, URA, COMPANY REPORTS

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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 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

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.