

Singapore

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Overweight (no change)

Highlighted Companies

CapitalLand

ADD, TP S\$3.56, S\$3.45 close

Strong capital recycling and deployment into new investments would continue to drive ROE expansion. Recent transformational acquisition of Ascendas-Singbridge should propel the group to Asia's leading diversified real estate group.

City Developments

ADD, TP S\$10.66, S\$8.99 close

In addition to residential activities, expansion of CIT's fee income platform should bolster its ROE in the longer term. The stock is trading at 45% discount to RNAV.

UOL Group

ADD, TP S\$8.45, S\$6.61 close

Diversified recurrent revenue sources from rental income and hotel operations should continue to underpin profitability. Planned launch of two residential projects in 2019 should drive residential earnings visibility.

Summary Valuation Metrics

P/E (x)	Dec-19F	Dec-20F	Dec-21F
CapitalLand	15.30	14.82	14.69
City Developments	15.13	17.77	17.77
UOL Group	15.39	14.80	16.70
P/BV (x)	Dec-19F	Dec-20F	Dec-21F
CapitalLand	0.74	0.72	0.71
City Developments	0.82	0.80	0.78
UOL Group	0.56	0.55	0.54
Dividend Yield	Dec-19F	Dec-20F	Dec-21F
CapitalLand	3.60%	3.59%	3.49%
City Developments	2.22%	2.22%	2.22%
UOL Group	2.65%	2.65%	2.65%

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Property Devt & Invt

Holding up

- Feb monthly sales volumes were higher mom and yoy.
- We expect transaction volumes to remain stable yoy in 2019.
- Maintain sector Overweight; preferred picks are CIT, UOL and CAPL.

Feb sales relatively stable mom

- Feb 2019 primary home sales came in at 455 units (457 units including executive condominiums), up 4.4% on a month on month basis and 18.5% higher from a year ago. Against 596 units released into the market, this represents a 76% take-up rate. The bulk of the sales came from projects such as Affinity at Serangoon, The Tre Ver and Riverfront Residences.

Slow start but expect pick-up as new launches ramp-up

- This brought Jan-Feb sales to 891 units, marginally down from the same period in 2018. Suburban sales made up half of these transactions while city fringe projects accounted for another 39% of sales. Although transaction run rates have so far been tracking below our annual expectation of 9,000-10,000 units for 2019, we maintain our forecasts as we expect more launches during the rest of the year.

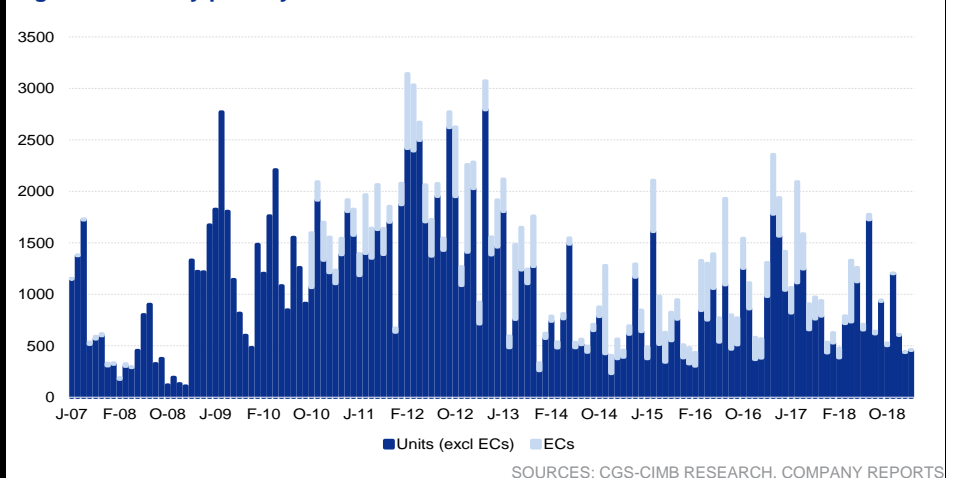
Private home prices to remain range-bound

- According to SRX Property Price Index, resale prices for non-landed properties in Feb 19 ticked up 0.5% mom but were still 0.9% lower from the peak in July 18. We expect residential prices to remain competitive in the face of a large number of potential new launches. Hence, we retain our expectation for private home prices to fluctuate between 0% and +3% in 2019.

Maintain sector Overweight

- Developers' share prices are at an average 48% discount to RNAV, midway between discounts of 1 s.d. to 2 s.d. to long-term mean. Current valuations are inexpensive, in our view. We expect property stocks to trade range-bound while awaiting fresh sector catalysts, such as an improvement in sell-through rates or sustainable take-up rates. We like diversified companies such as CIT, UOL and CAPL, given their diversified income sources and high recurring income base. Downside risks include economic slowdown which could dampen buying appetite for big-ticket items such as housing.

Figure 1: Monthly primary home sales



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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 FY19F	Prem./(Disc.) to RNAV (%)	P/BV (x)		Div. Yield (%)	
						FY18F	FY19F	FY20F			FY18F	FY19F	FY18F	FY19F
Aspen (Group) Holdings Ltd	ASPEN SP	Add	0.15	0.29	107	3.2	5.8	na	0.53	-72%	1.36	1.08	6.3%	3.5%
CapitaLand	CAPL SP	Add	3.45	3.56	10,617	14.0	15.3	14.8	5.48	-37%	0.76	0.74	3.5%	3.6%
City Developments	CIT SP	Add	8.99	10.66	6,009	15.4	15.1	17.8	16.40	-45%	0.85	0.82	2.2%	2.2%
Frasers Property Limited	FPL SP	Add	1.72	2.08	3,702	13.5	12.1	18.0	3.20	-46%	0.53	0.51	3.6%	5.0%
Guocoland	GUOL SP	Add	1.88	2.25	1,640	8.1	18.1	17.4	3.76	-50%	0.49	0.50	3.7%	3.7%
Ho Bee Land	HOBEE SP	Add	2.51	3.00	1,231	13.3	17.7	12.9	4.99	-50%	0.51	0.51	4.0%	4.0%
Hongkong Land Holdings Ltd	HKL SP	Add	7.42	9.40	17,458	16.8	16.7	14.0	13.50	-45%	0.45	0.46	3.0%	3.1%
Perennial Real Estate Holdings	PREH SP	Add	0.65	0.99	796	2209.4	179.8	99.7	1.99	-67%	0.39	0.39	1.5%	1.5%
United Engineers	UEM SP	Add	2.42	2.94	1,137	65.4	43.8	43.8	3.46	-30%	0.79	0.78	1.7%	1.7%
UOL Group	UOL SP	Add	6.61	8.45	4,108	16.4	15.4	14.8	12.08	-45%	0.58	0.56	2.6%	2.6%
Wing Tai Holdings	WINGT SP	Hold	2.00	1.97	1,131	7.7	22.3	12.0	3.58	-44%	0.44	0.46	4.0%	4.0%
Singapore average						15.0	16.2	15.4		-48%	0.56	0.56	3.0%	3.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2018		
758 companies under coverage for quarter ended on 31 December 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.2%	4.2%
Hold	25.1%	2.1%
Reduce	13.7%	0.4%

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** –

Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

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.