

Singapore

June 6, 2019 - 3:42 PM

Overweight (no change)

Highlighted Companies

CapitaLand
ADD, TP S\$3.56, S\$3.22 close
 Strong capital recycling and deployment into new investments would continue to drive ROE. The recent transformational acquisition of Ascendas-Singbridge should propel CapitaLand to becoming Asia's leading diversified real estate group.

City Developments
ADD, TP S\$10.66, S\$8.30 close
 In our view, CIT's land restocking activities would extend its residential earnings visibility. New investments in Europe and strategic investments in China would enable the group to deploy balance sheet capacity and bolster ROE in the medium term. The stock is trading at a 49% discount to RNAV.

UOL Group
ADD, TP S\$8.45, S\$6.76 close
 UOL has a high recurring income base, underpinned by rentals, hotel operations and investment holdings. It has good office exposure through UIC. UOL is now trading at 44% discount to RNAV.

Summary Valuation Metrics

P/E (x)	Dec-19F	Dec-20F	Dec-21F
CapitaLand	11.87	13.84	13.72
City Developments	12.48	17.33	17.36
UOL Group	15.74	15.13	17.08

P/BV (x)	Dec-19F	Dec-20F	Dec-21F
CapitaLand	0.68	0.67	0.65
City Developments	0.75	0.73	0.72
UOL Group	0.58	0.56	0.55

Dividend Yield	Dec-19F	Dec-20F	Dec-21F
CapitaLand	3.86%	3.84%	3.74%
City Developments	2.41%	2.41%	2.41%
UOL Group	2.59%	2.59%	2.59%

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Property Devt & Invt

Stable 2H19 land sale programme

- New residential supply from the 2H19 GLS programme is little changed from that of 1H19, at 6,430 units.
- Ample medium-term supply is expected from the large influx of new completions over the next 2-3 years.
- Maintain sector Overweight. Our top pick is UOL.

2H19 GLS programme offers 13 confirmed and reserve sites

- The government has released land sites for a total of 6,430 residential units (1,715 confirmed, 4,715 reserve), 92k sqm of commercial GFA and 1,100 hotel rooms under its latest 2H19 land sale programme (GLS). Of the total 13 land parcels, four are new offerings. This includes a master developer site for Kampong Bugis, which can house an initial 1,000 residential units and 10k sqm of commercial GFA.

Little change in 2H19 private housing supply

- Private residential supply is little changed hoh from 1H19. That said, with the sale of existing land parcels in 1H, three new land sites, including one for executive condominium development, were introduced for the 2H. There was an allocation for a new hotel development in the River Valley area, with a potential 560 rooms.

Ample medium-term housing supply

- On a yoy basis, the government has toned down potential residential supply from GLS sites by 20% in 2019 vs. 2018. According to the Urban Redevelopment Authority (URA), there are about 44,000 private housing units in the pipeline, including 39,000 unsold units from the GLS and enbloc sites with planning approval and another 5,000 units from sites that are pending approval. We see this moderated land sale programme as positive for the sector as it allows the market to digest the anticipated large incoming new completions over the next 2-3 years. This should also be supportive of private home prices.

Maintain sector Overweight

- We remain positive on property developers amid stabilising private residential prices and lessened near-term policy risk. The current valuation is inexpensive, at a 47% discount to RNAV. We expect property stocks to trade rangebound while awaiting fresh sector catalysts, such as improvements in sell-through rates. Upside risk includes better take-up rates for new launches, while downside risk is moderated appetite for new home purchases given the weaker macroeconomic outlook.

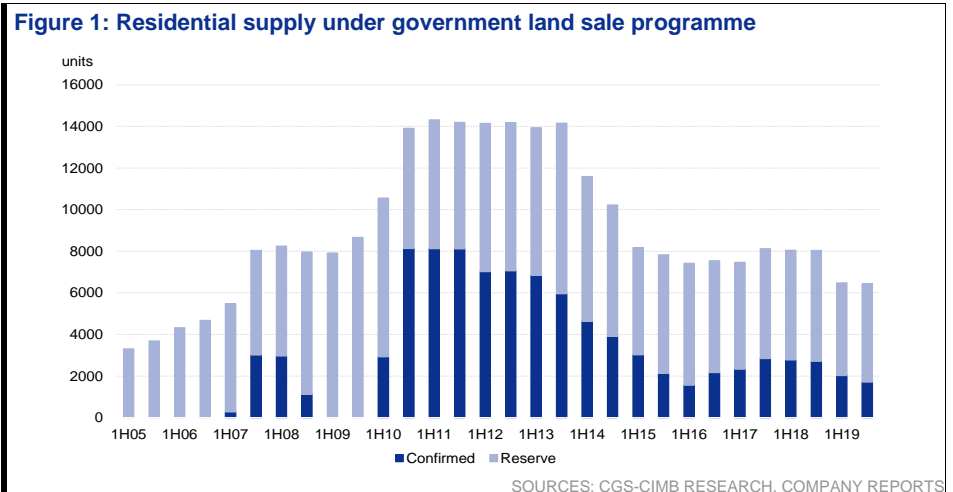


Figure 2: Proposed residential, commercial and hotel sites for 2H19 GLS programme

Confirmed list						
Location	Site area (ha)	Proposed GPR	Est no of units ⁽¹⁾	Est no of hotel rms	Est commercial space (sqm)	Est launch date ⁽⁷⁾
Residential sites						
Bartley Rd/Jln Bunga Rampai ⁽²⁾	0.47	2.1	115	0	0	Aug-19
Irwell Bank Rd ⁽³⁾	1.27	2.8	445	0	0	Oct-19
Canberra Drive (Parcel A)	1.33	1.4	220	0	0	Nov-19
Canberra Drive (Parcel B)	2.77	1.4	455	0	0	Nov-19
Fernvale Land (EC)	1.72	2.8	480	0	0	Dec-19
Total			1,715			
Reserve list						
Location	Site area (ha)	Proposed GPR	Est no of units ⁽¹⁾	Est no of hotel rms	Est commercial space (sqm)	Est launch date ⁽⁷⁾
Residential sites						
Dairy Farm Walk	1.57	2.1	390	0	0	Available
Dunman Rd	2.52	3.5	1,040	0	0	Jun-19
Hillview Rise	1.04	2.8	345	0	0	Jun-19
Tampines St 62 (EC) ⁽³⁾	2.38	2.5	595	0	0	Dec-19
White sites						
Marina View ⁽⁴⁾	0.78	13	905	540	2,000	Available
Woodlands Ave 2 ⁽⁵⁾	2.75	4.2	440	0	78,000	Available
Kampong Bugis ⁽³⁾⁽⁶⁾	9.2	0	1,000	0	10,000	Dec-19
Hotel sites						
River Valley Rd ⁽³⁾⁽⁴⁾	1.07	2.8	0	560	2,000	Dec-19
Total			4,715	1,100	92,000	
Total (confirmed and reserve list)			6,430	1,100	92,000	

(1) The estimated number of dwelling units 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 dwelling units are used to estimate the yield of residential units for sites in Outside Central Area. The estimated number of dwelling units for some sites are also adjusted based on revised site areas.

(2) Site is imposed with a DU cap of 116 units.

(3) New sites introduced in 2H2019

(4) Site is imposed with a retail cap of 2,000 sqm GFA

(5) Site is imposed with a retail cap of 33,000 sqm GFA and a minimum office quantum of 45,000 sqm GFA

(6) This is a Master Developer site with a total GFA of 390,000 sqm, which includes a DU cap of 4,000 units and a retail cap of 10,000 sqm GFA. The estimation of 1,000 units is based on the minimum quantum to be developed in Phase 1 which will be specified in the sales condition.

(7) Refers to estimated date the detailed conditions of sale will be available and applications can be submitted.

SOURCES: CGS-CIMB RESEARCH, URA

Figure 3: Property developer peers comparison table

Company	Bloomberg Ticker	Recom.	Price (lc)	Tgt Px (lc)	Mkt Cap (US\$ m)	Core P/E (x)			RNAV FY20F	Prem./(Disc.) to RNAV (%)	P/BV (x)		Div. Yield (%)	
						FY19F	FY20F	FY21F			FY19F	FY20F	FY19F	FY20F
APAC Realty Ltd	APAC SP	Add	0.50	0.67	130	9.0	8.6	8.2	n.a.	1.21	1.15	7.4%	7.6%	
Aspen (Group) Holdings Ltd	ASPEN SP	Add	0.14	0.29	101	5.6	na	na	0.53	-73%	1.04	na	3.6%	na
CapitalLand	CAPL SP	Add	3.22	3.56	9,865	13.8	13.8	13.7	5.48	-41%	0.68	0.67	3.9%	3.8%
City Developments	CIT SP	Add	8.30	10.66	5,523	15.6	17.3	17.4	16.40	-49%	0.75	0.73	2.4%	2.4%
Frasers Property Limited	FPL SP	Add	1.82	2.08	3,900	11.6	14.7	18.2	3.21	-43%	0.54	0.52	4.7%	4.7%
Guocoland	GUOL SP	Add	1.96	2.25	1,702	18.8	18.2	15.4	3.76	-48%	0.52	0.52	3.6%	3.6%
Ho Bee Land	HOBEE SP	Add	2.37	3.00	1,157	16.7	12.2	na	4.99	-53%	0.48	0.46	4.2%	4.2%
Hongkong Land Holdings Ltd	HKL SP	Add	6.80	9.40	15,999	15.3	12.8	12.7	13.50	-50%	0.42	0.40	3.4%	3.7%
Perennial Real Estate Holdings	PREH SP	Add	0.62	0.99	750	170.1	94.3	na	1.99	-69%	0.37	0.37	1.6%	1.6%
Propnex Ltd	PROP SP	Add	0.49	0.64	132	11.4	11.1	10.6	n.a.	n.a.	2.58	2.46	7.2%	7.2%
United Engineers	UEM SP	Add	2.51	2.94	1,174	45.4	45.5	na	3.46	-28%	0.81	0.80	1.6%	2.0%
UOL Group	UOL SP	Add	6.76	8.45	4,183	15.7	15.1	17.1	12.08	-44%	0.58	0.56	2.6%	2.6%
Wing Tai Holdings	WINGT SP	Hold	2.02	1.97	1,137	22.5	12.1	10.2	3.58	-44%	0.46	0.45	4.0%	4.0%
Singapore average						15.3	14.4	14.2		-46%	0.53	0.52	3.4%	3.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 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 08 April 2019		
771 companies under coverage for quarter ended on 08 April 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	57.8%	4.0%
Hold	27.0%	2.1%
Reduce	15.2%	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, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – 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, **DREIT** – 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, **JWD** – Very Good, 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, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **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, **S** – Very Good, 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, **THANI** – 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, **WICE** – Very Good, Certified, **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.