J.P.Morgan

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Singapore Developers

Can developers rally despite falling prices? Maintain OW on CIT/UOL, upgrade FPL to OW

We anticipate a 10% fall in residential prices over the next two years due to the current recession. However, we believe this has been largely priced in given steep share price declines and developers trading at P/Bk of 0.66x (-1.1 s.d. below mean). A recovery in 2021 profits after the 'reset' in 2020 and an increase in sales volumes on the back of price cuts should act as a re-rating catalyst. Maintain OW ratings on CIT and UOL, and upgrade FPL to OW.

- **Residential prices to fall 10%** as we estimate the price/median household income of 10.3x to bottom out at the average price/income ratios in the previous four downturns. The smaller decline compared to 12-45% falls in previous down cycles is due to the lowest price/income ratio at the start of a downturn and owes primarily to the government's policy to prevent escalating prices in the prior seven to eight years. We also have the smallest upcoming supply as a percentage of total stock (14% vs 30-67% previously). We expect deeper price falls for CCR given the larger investment vs upgrader/owner occupier demand for RCR/OCR.

- **Recent rally can be sustained** as developers on average are only trading at 0.66x P/Bk (-1.1 s.d below mean) and 40-60% discounts to RNAV, implying zero value for the hotel divisions and a 'free' re-opening trade option. At recent lows, the P/Bk fell 0.2 points close to a 0.25 point gap between peak to trough multiples during the 2013-17 downturn where residential prices fell 12%, mirroring our 10% projected drop. While share prices have since recovered and P/Bk bounced 0.1 points, a recovery in 2021 profits given the rebasing of 2020 (impact of slower residential sales/ show flat closures, rental waivers and potential hotel losses from travel restrictions) should act as a catalyst for developers to trade towards 0.8x, in our view, the average P/Bk during 2013-2017.

- **Sales volume revival on the back of price cuts** should also renew confidence over the ability to clear landbank and avoidance of ABSD charges, although we **do not expect major policy relaxation.** The recent six-month extension to project completion, ABSD and QC deadlines due to the two-month circuit breaker (link) has raised speculation of the easing of property cooling measures. However, do not foresee this occurring if developers clear landbank, as per our base case, unless we have a rapid fall in property prices in excess of 5% and approaching 10% levels.

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	End Date
City Developments	CIT SP	6,026	SGD	9.26	OW	n/c	10.90	Jun-21	11.35	Dec-20
Frasers Property Ltd	FPL SP	2,877	SGD	1.37	OW	N	1.60	Jun-21	1.85	Dec-20
UOL Group	UOL SP	4,528	SGD	7.48	OW	n/c	8.45	Jun-21	8.55	Dec-20

Source: Company data, Bloomberg, J.P. Morgan estimates. n/c = no change. All prices as of 08 Jun 20.

See page 51 for analyst certification and important disclosures, including non-US analyst disclosures.

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Table 1: Developers Peer Comp

Developer	JPM Rating	Mkt Cap (US$ m)	Sh price 8-Jun-20 (S$)	Price Target (S$)	Upside (%)	RNAV (S$)	RNAV Disc/Prem (%)	P/B (x)	Dividend FY20E (%)	Yield FY21E (%)	20 Day ADTV (US$m)	YTD Sh Perf (%)
City Developments	OW	6,036	9.26	10.90	17.7%	14.50	-36%	0.82	2.2%	2.2%	19.4	-15.4%
Frasers Property	OW	2,882	1.37	1.60	16.8%	2.45	-44%	0.56	2.9%	2.9%	0.2	-18.9%
UOL Group	OW	4,536	7.48	8.45	13.0%	12.10	-38%	0.63	2.3%	2.3%	8.1	-10.1%
Total/Wtd Avg		**13,454**			**15.9%**		**-39%**	**0.70**	**2.4%**	**2.4%**		**-14.4%**

Source: J.P. Morgan estimates, Company data, Bloomberg.

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Investment thesis for developers

Triple hit near term

We believe developers face headwinds from: 1) a 10% fall in residential property prices over the next two years, due to a spike in unemployment and recession in Singapore, 2) impact of softening rents and rental waivers on their investment property portfolios, 3) potential losses in their hotel business due to significant travel restrictions.

But known headwinds largely priced in

Nevertheless, we believe these headwinds are largely priced in given steep the fall in share prices YTD and the developers on average trading at P/Bk 0.66x (-1.1 s.d below mean) and 40-60% discounts to RNAVs with investors receiving the various hospitality businesses which are a near-term drag on earnings for 'free'. At recent lows, P/Bk fell 0.2 points close to a 0.25 point gap between peak to trough multiples during the 2013-2017 downturn where residential prices fell 12%, mirroring our 10% projected drop. Since then P/Bk has only bounced 0.1 points.

Recovery in profits/clearance of inventory in 2020/21 to act as re-rating catalysts

While prices have bounced from their March lows, we believe share prices can still rally on the back of an expected recovery in earnings into 2021 after the 'reset' in 2020 and clearance of landbank on the back of up to 10% price cuts. We believe strong balance sheets and with the majority of projects for developers under our coverage largely still having breathing room ahead of the five-year timeline for additional buyers stamp duty (ABSD) charges, developers will not cut prices by 10%.

Higher unemployment a lagging indicator with developers to trade towards average P/Bk multiple seen during the 2013-2017 downturn

Historically, developer share prices can rally despite likely headlines from continued falls in property prices and a jump in unemployment, which typically is a lagging indicator. We anticipate developer share prices to rally towards the average P/B multiple in the 2013-17 downturn where we had a 12% drop in property prices, similar to the 10% fall we have estimated for the COVID-19 downcycle. For CIT/ UOL/FPL this would imply a P/Bk multiple of 0.9x/0.7x/0.7x from 0.8x/0.6x/0.5x, respectively.

We do not expect material 'easing' of property cooling measures for now

While there may be tweaks in government policy such as the recent six-month extension to project completion, ABSD and qualifying certificate (QC) deadlines due to the two month circuit breaker (link) and easing of criteria for the regime (link), we do not expect significant policy 'easing'. This is because the Singapore government's policy is to maintain a 'stable' property market with property prices mainly tracking income growth, catering more to owner occupiers/upgraders rather than encouraging speculative investments, given the backdrop of low interest rates. Government 'intervention', in our view, would only come about should there be a rapid fall of more than 5% and approach the 10% drop. This would be designed to prevent panic and avoid a negative economic feedback loop from a 'collapse' in the property market.

Remain bullish on CIT and UOL and upgrade FPL to OW

We maintain our OW ratings on CIT and UOL given attractive valuations and expected recovery in earnings in 2021 and visible re-rating catalysts. We upgrade FPL to OW from Neutral given supportive valuations and potential upside from asset recycling.

Stock recommendations

CIT – Maintain OW: While near-term earnings will be impacted by a slowdown in residential sales, rental relief given to retail tenants and potential losses in its hotel business, we believe this is well known and has largely been priced in, with CIT trading a c.0.8x P/Bk just off its trough P/Bk multiple of 0.6x. Furthermore, with CIT trading at a c.40% discount to RNAV of S$14.50, this largely captures only value for its residential development and investment portfolio with the market ascribing 'zero' value for its hotel business. Despite our view that the expected 10% fall in property prices over the coming two years will likely result in CIT having to cut prices for its slower moving projects (we pencil in a c.5% cut), we believe a pick-up in sales volumes as a result, should allay fears over CIT being unable to clear its landbank. This should act as a re-rating catalyst and is a similar share price driver to when CIT rallied in early 2019. Thus, we maintain our OW rating with a slightly lower Jun-21 PT of S$10.90.

FPL – Upgrade to OW on improved asset recycling outlook with medium-term catalysts of recycling of industrial properties (S$0.9bn) and UK business parks (S$1.9bn) into the enlarged Frasers Logistics and Commercial Trust (FLCT) and recycling of the S$3bn PGIM AsiaRetail Fund retail portfolio to Frasers Centrepoint Trust (FCT). Near-term headwinds include delayed resi handovers in Australia and potential losses in the hospitality business. Upgrade to OW with a lower Jun-21 PT of S$1.60, pegged at 0.65x P/Bk, 1 s.d. below the six-year mean 0.73 P/Bk. Current P/Bk of 0.5x is close to historical trough valuations, pricing in negative headwinds in retail and hospitality.

UOL – Maintain OW: We believe UOL's resilient office and residential portfolio (~50% of RNAV) will offset near-term headwinds in retail and hospitality. Resi contributions in 2020 will be predominantly from pre-sold Tre Ver (>90%) and Park Eleven (>65%) in China, while strong sales at Avenue South Residence (44%) and Sky Residences in the UK (21%) will likely underpin 2021 earnings. Gearing of 30% offers ample opportunities for landbank acquisitions, consolidation of further stake in subsidiary UIC and redevelopment of older commercial buildings (e.g. Faber House), in our view. Maintain OW with a revised Jun-21 PT of S$8.45, pegged at 0.71x P/Bk, in-line with the seven-year average P/Bk post total debt serving ratio (TDSR). UOL is currently trading at a 39% discount to RNAV of S$12.00/sh, slightly below the mean discount of 35%.

Earnings and PT changes

CIT – We cut our FY20/21 core PATMI by 51%/35% on the back of slower residential sales as show flats are closed over 2Q20 and potentially into 3Q20. We have also assumed up to a 10% cut in prices, especially for CIT's slower moving projections. In addition, we expect potentially c.S$30m losses for its hotel business in FY20 as we project a 50% drop in RevPAR in 2020 before a 45% recovery in 2021. Moreover, we expect rental waivers and declines in retail and office rents to weigh on profitability. After the rebasing of earnings in FY20, we expect core PATMI to double by FY22 as CIT progressively books profits from its redevelopment projects and recovery of it hospitality business. On the back of the near-term weaker earnings profile, we reduce our RNAV to S$14.50 from S$15.10 with our Jun-21 PT lowered to S$10.90 with a 25% discount to RNAV. Our PT implies 0.9x P/Bk, close to the average P/Bk of 1.0x during the 2013-17 down cycle.

FPL – We reduce FY20/21 EPS by -33%/-13% factoring in a -50%/+45% impact in RevPAR, retail rental rebates, lower margins in hospitality and retail, 10% lower residential ASPs, and deferral of resi project completions by 3-6 months. With the weaker near-term earnings outlook, FPL's RNAV declines by 21% to S$2.45, with our revised PT of S$1.60 pegged at a 35% discount to RNAV, marginally higher than the historical mean discount of 31%. FPL is trading at trough valuations, at a 45% discount to RNAV and P/B of 0.5x. Re-rating catalysts include divestments and asset recycling into FPL's REITs and to third parties at or above book values.

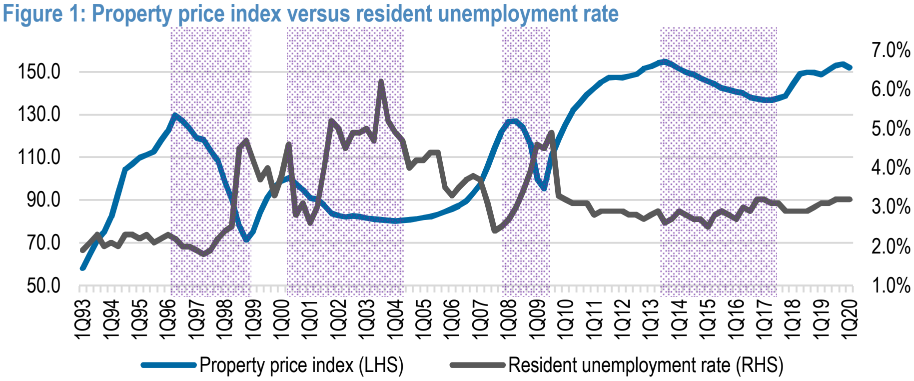
UOL – We reduce FY20/21 EPS by -25%/-2%, factoring in a -50%/+45% change in RevPAR, retail rental rebates, losses in hospitality in FY20 and a slower resi completion schedule. We also reduce our residential ASP by 10%. We have cut our RNAV by 9% to S$12.10 on lower assumed ASPs and valuations on the back of lower RevPAR/rents. Nonetheless, we forecast operating PATMI to bottom in FY20, with growth of ~25% p.a. in FY21/22. Our revised Jun-21 PT of S$8.45, pegged at 0.71x P/Bk, is in-line with the seven-year average P/Bk post TDSR.

Headwinds from unemployment rate, but a lagging indicator to bottoming of developer share prices

Unemployment a driver of a fall in property prices

The fall in property prices, as judged by the property price index (PPI), is typically correlated to increases in the unemployment rate. This makes intuitive sense as the ability to service a mortgage reduces, which may cause distressed sales if someone loses their job, while general negative sentiment and fear should result in people being more cautious about buying and paying higher prices for houses. The property price index also typically bottoms when we hit a peak in unemployment, for example as seen during the AFC, Dotcom bust/911 and GFC.

Figure 1: Property price index versus resident unemployment rate



Source: URA, SingStats, Bloomberg.

Job support and mortgage deferrals could delay or temper price correction

Over the last five months the Singapore government has announced four stimulus packages being the Fortitude, Solidarity, Resilience and Unity budgets totaling c.S$93bn (~19% of GDP). The key focus by the Singapore government has been to protect jobs. Under the Jobs Support Scheme (JSS), the government will co-fund the first S$4,600 of wages for Singaporeans and permanent residents for ten months, starting at 75% for the months of April and May, with 25% co-funding for the remaining eight months. The aviation, aerospace and tourism sectors will receive 75% funding for the full ten months, while licensed food shops/stalls, retail outlets, cinema operators, land transport and marine/offshore sectors will receive 50% co-funding for the remaining eight months. The Monetary Authority of Singapore (MAS) has also worked with banks to allow deferments on both principal and interest repayments for residential mortgages until 31-December 2020, while the loan will not be classified as restructured for credit bureau reporting purposes. This mortgage deferment, on top of the JSS, will reduce stress from potential job losses and inability to service mortgages, which could curb distressed sales.

Contraction in employment to continue once job support scheme rolls off

Contraction in total employment in 1Q20 of close to 20,000 workers is the highest since SARS in 2Q03. The overall impact on overall unemployment has been mitigated with a significant decline in the employment of foreign workers. Going forward, while the JSS should help mitigate the impact on both citizens and permanent residents, job losses could be more pronounced after 3Q20 for many sectors as JSS support steps down and companies seek to cut costs given potentially weak revenues. Our JP Morgan economist forecasts that the unemployment rate could potentially approach 6.0-6.5% levels later this year.

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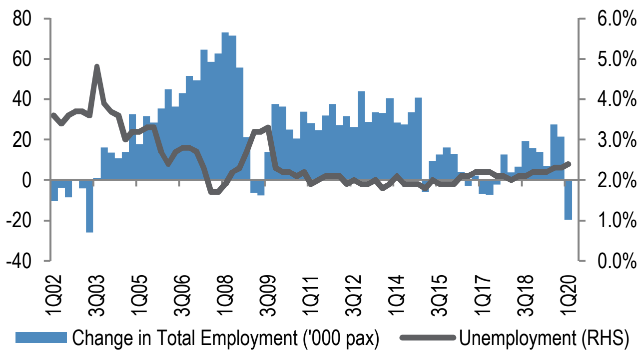
Figure 2: Total employment contracted by 20,000 in 1Q20

Change in employment ('000 pax)/ unemployment rate in % (RHS)



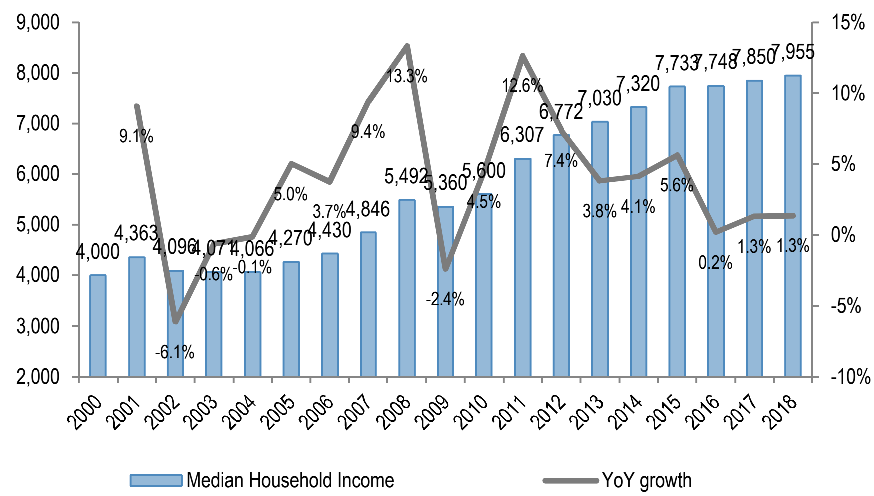
Source: SingStat, MOM.

Contraction in household income ahead anticipated

The previous two major recessions during SARs in 2002/03 and the GFC in 2009 saw contractions in median household income of 2-6%, due to a combination of higher unemployment and lower variable wages.

Figure 3: Median household income contracted by 2-6% during the last two major recessions

Median household income S$/mth/ YoY growth in % (RHS)

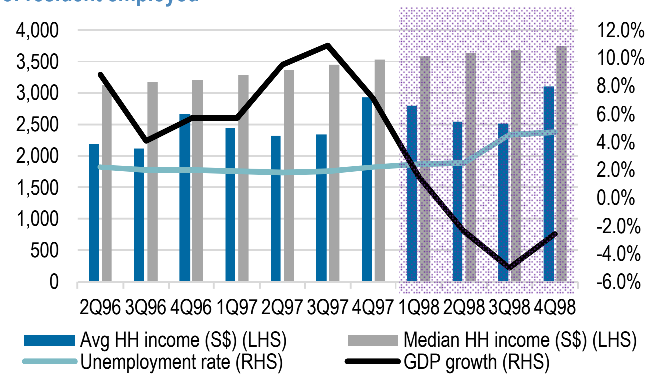


Source: SingStat.

Affordability still within reach for those still employed

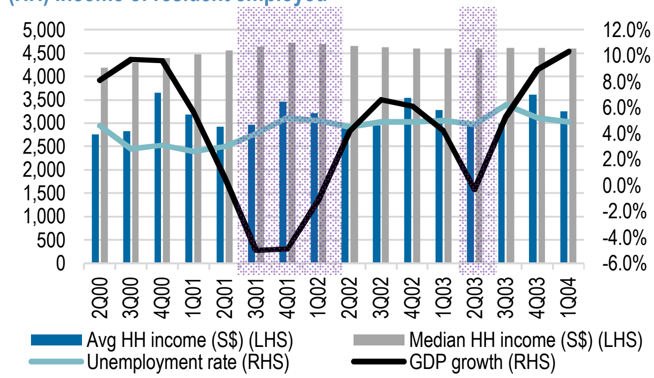
For those who are still employed during the recession/downturns the ability to purchase a property remains in place. The median household house income for residents still employed was relatively stable during past downturns.

Figure 4: AFC - Average and median monthly household (HH) income of resident employed



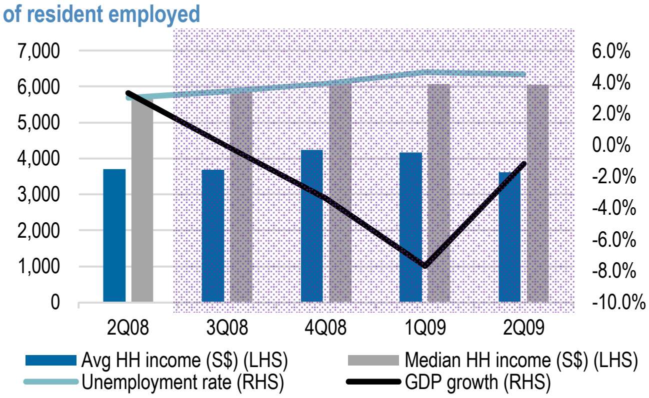
Source: MOM, SingStats, Bloomberg.

Figure 5: Dotcom bust/911 - Average and median monthly household (HH) income of resident employed



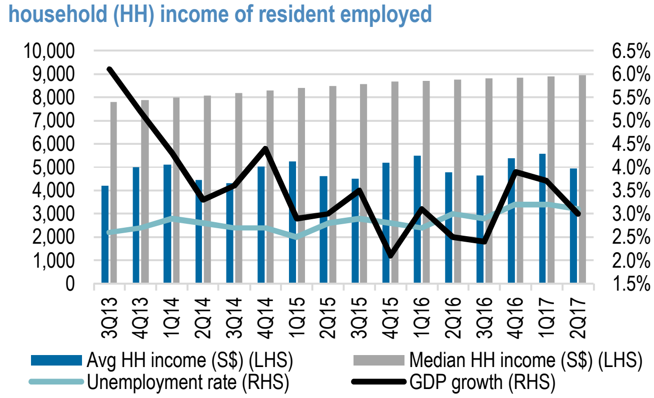
Source: MOM, SingStats, Bloomberg.

Figure 6: GFC - Average and median monthly household (HH) income of resident employed



Source: MOM, SingStats, Bloomberg.

Figure 7: 2013-2017 downturn - Average and median monthly household (HH) income of resident employed



Source: MOM, SingStats, Bloomberg.

But developer share prices can bottom before peak unemployment

While investors may be worried by a rise in unemployment rate ahead and property prices can continue to head lower, share prices of developers typically bottom ahead of a peak in unemployment and property price index.

Historically, developer prices have hit a trough 4-17 months ahead of the bottoming in property prices. Meanwhile, developer share prices can either bottom when we hit a peak in the unemployment rate, as seen during the GFC, or two to three months before a peak in the unemployment rate, as seen during the AFC and Dotcom bust/911 downturn.

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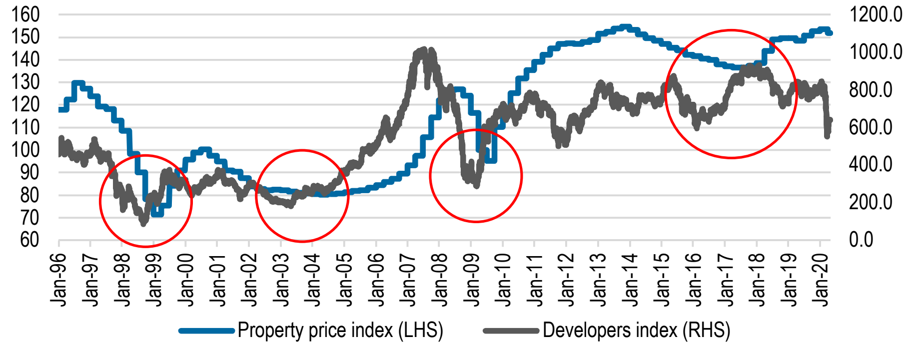
Figure 8: Property price index versus developers' index



Source: URA, SingStats, Bloomberg.

Table 2: How many months before developer index bottoms ahead of low in the property price index?

Downturn	Start of PPI downturn	End of PPI downturn	Duration (months)	Bottom of developer index	Months before bottom of PPI
AFC	Jun-1996	Dec-1998	30	Sep-1998	4
Dotcom/911	Jun-2000	Mar-2004	46	Apr-2003	11
GFC	Jun-2008	Jun-2009	12	Mar-2009	4
Property cooling measures	Sep-2013	Jun-2017	46	Feb-2016	17
COVID-19	Dec-2019	4Q21?	?	?	?

Source: URA, SingStats, Bloomberg, J.P. Morgan.

Table 3: How many months before developer index bottoms ahead of peak in unemployment rate?

Downturn	Start of PPI downturn	Unemployment rate start of downturn	Quarter of peak in unemployment rate	Peak in unemployment rate	Bottom of developer index	Months before peak in unemployment rate
AFC	Jun-1996	Dec-1998	4Q98	4.7%	Sep-1998	3
Dotcom/911	Jun-2000	Mar-2004	2Q03	6.2%	Apr-2003	2
GFC	Jun-2008	Jun-2009	1Q09	4.6%	Mar-2009	0
Property cooling measures	Sep-2013	Jun-2017	4Q16-1Q17	3.2%	Feb-2016	10
COVID-19	Dec-2019	?	3Q20-4Q20?		?	?

Source: MOM, URA, SingStats, Bloomberg, J.P. Morgan.

Less supply pressure this time round

Beyond the level of unemployment, the degree of potential property price decline is also a function of upcoming supply pressures. To that extent, the percentage of units under construction or being planned as well as unsold units out of total stock is significantly less than was experienced in other downturns. Upcoming supply (under construction or planned) stands at c.14% versus 30-67% previously. Likewise, unsold units as a percentage of total stock stand at 5.2% compared to 5.9% to 7.4% during the Dotcom bust, GFC and 2013-2017 downturn. While reduced supply pressures will not prevent a decline in property prices, we believe this should help to mitigate a price crash compared to previous down cycles.

Table 4: Potential upcoming supply and unsold inventory as percentage of total stock

	Potential supply as % of total stock		Under construction as % of total stock		Under planned as % of total stock		Unsold as % of total stock	
	Start of downturn	Trough of PPI	Start of downturn	Trough of PPI	Start of downturn	Trough of PPI	Start of downturn	Trough of PPI
AFC	66.9%	36.3%	27.1%	19.7%	39.7%	16.5%	n/a	n/a
Dotcom/911	31.4%	22.9%	13.9%	11.8%	17.4%	11.1%	7.5%	6.9%
GFC	30.1%	25.5%	13.7%	14.0%	16.5%	11.5%	6.4%	6.0%
Property cooling measures	31.7%	12.5%	23.7%	8.4%	8.0%	4.2%	5.9%	2.7%
COVID-19	14.3%	?	10.4%	?	3.9%	?	5.2%	?

Source: URA, SingStats, Bloomberg, J.P. Morgan.

Developer share prices and relaxation of property measures

Based on the previous four property downturns, while the developer index may bottom ahead of a trough in the property price index, we typically also need a series of tweaks or relaxation measures by the government to trigger the next upturn.

During the AFC, developer shares prices bottomed after the PPI index fell c.40% and after a reduction in land supply, property tax exemption for land development, suspension of sellers stamp duty (SSD) and deferral of buyers' stamp duty.

For the Dotcom bust/911 downturn, the government land sale (GLS) programme was deferred, property taxes were again exempted and deferral of buyers' stamp duty. Property prices also had to fall c.19% before developer shares bottomed.

During the GFC, developers were given a one-year extension of project completion period for GLS sites and QC holders were given up to four years from temporary occupation permit (TOP) to dispose of all private residential developments. Property prices fell c.19% before developer share prices hit a trough.

In contrast, in the 2013-2017 downturn, developer share prices bottomed after property prices fell c.9% and tweaks in financing requirements. Relaxation in the form of shortening of when the SSD was applied was the catalyst which took share prices higher and occurred when PPI was close to its trough of -11%.

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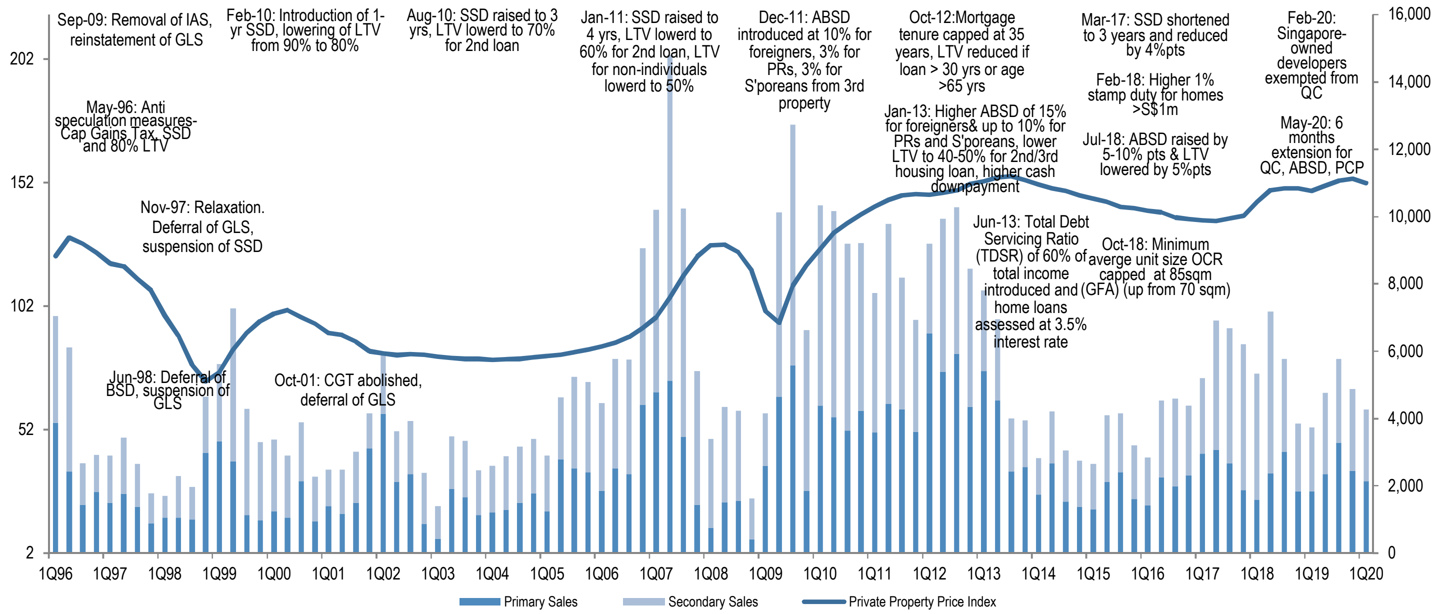
Figure 9: Singapore residential property price index and measures



Source: URA, MAS, J.P. Morgan

Table 5: History of relaxation measures during AFC downturn and period when the developer index bottomed

Date	Event	PPI decline from peak
30-Jun-1996	Peak in PPI ahead of AFC downturn	
18-Nov-97	Property Measures (Asian Financial Crisis) - Deferral of GLS programme - Suspension of SSD, deferment of buyer stamp duty allowed, developers allowed to offer Deferred Payment Scheme (DPS)	-16.4%
27-Feb-98	Budget 1998 Property Measures (Asian Financial Crisis) - Property tax exemption for land under development for up to 5 years - Private residential GLS programme deferred, EC supply cut	-24.2%
30-Jun-98	Off-Budget Measures (Asian Financial Crisis) - Deferral of buyer stamp duties to TOP date for properties under construction, or upon completion of sale for completed properties - Suspension of GLS programme	-30.5%
Early Sep-98	**Bottom of developer index**	**-39.6%**
31-Dec-1998	Trough of PPI for AFC downturn	-44.9%

Source: URA, HDB, Govt. announcements, news articles.

Table 6: History of relaxation measures during Dotcom bust/911 downturn and period when the developer index bottomed

Date	Event	PPI decline from peak
30-Jun-2000	Peak in PPI ahead of Dotcom/911 downturn	
13-Oct-2001	Off-Budget Relaxation Measures (2001 Economic Downturn from Dot-Com bubble/ Sep-11)	-16.5%
14-Oct-2001	- Deferral of GLS programme - Capital gains tax abolished. Foreigners allowed to obtain S$ housing loans - Property tax exemption for two years for land under development	
Apr-03	**Bottom of developer index**	**-19.2%**
31-Mar-2004	Trough of PPI for Dotcom/911 downturn	-20.0%

Source: URA, HDB, Govt. announcements, news articles.

Table 7: History of relaxation measures during GFC downturn and period when the developer index bottomed

Date	Event	PPI decline from peak
30-Jun-2008	Peak in PPI ahead of GFC downturn	
22-Jan-2009	Budget Assistance Measures (Global Financial Crisis) - One year extension of project completion period (PCP) for GLS sites and private resi projects by developers with QCs - Allow reassignment of GLS sites and private residential land owned by QC holders - QC holders have up to four years from TOP to dispose of all private resi developments and are allowed to rent out unsold units for max of 4 years from TOP	-21.2%
Mar-09	**Bottom of developer index**	**-21.2%**
30-Jun-2009	Trough of PPI for GFC downturn	-24.9%

Source: URA, HDB, Govt. announcements, news articles.

Table 8: History of relaxation measures during 2013-2017 property cooling measures downturn and period when the developer index bottomed

Date	Event	PPI decline from peak
30-Sep-2013	**Peak in PPI ahead of 2013-2017 property cooling measures downturn**	
10-Feb-2014	Broaden Exemption from TDSR Threshold for Refinancing of Properties Purchased Before Implementation on 28 Jun 13 1. Refinancing of Owner-Occupied Property Loans: - Exempted as long as he/she occupies the residential property which is being refinanced - Mortgage Servicing Ratio (MSR) will not apply to the refinancing of loans for HDB Flats and Executive Condominiums - Borrowers whose loan tenures exceed the existing regulatory limits can maintain the remaining tenures of their loans at the point of refinancing 2. For Refinancing of Investment Property Loans: - Exempted until 30 Jun 17, provided 3 conditions are satisfied: a. Option to Purchase (OTP) of the property was granted before 29 Jun 13 b. Borrower commits to a debt reduction plan with the financial institution at the point of refinancing c. Borrower fulfils the financial institution's credit assessment	-2.1%
24-Aug-2015	National Day Rally 2015 - Raise HDB and EC Income ceilings by S$2,000 to S$12,000 and S$14,000 respectively - Proximity Housing Grant (PHG) of S$20,000 for Singaporean citizen families to buy resale flat to live near parents/ children	-8.0%
Feb-16	**Bottom of developer index**	**-9.1%**
01-Sep-2016	Broaden Exemption from TDSR Threshold for Refinancing of Properties Purchased After Implementation on 28-Jun-13 1. Refinancing of Owner-Occupied Property Loans: - Exempted as long as he/she occupies the residential property which is being refinanced - Exemption extends to the Mortgage Servicing Ratio (MSR) limit of 30% for the refinancing of loans for HDB Flats and Executive Condominiums 2. For Refinancing of Investment Property Loans: - Exempted, provided 2 conditions are satisfied: a. Borrower commits to a debt reduction plan with the financial institution to repay at least 3% of the outstanding balance over a period of not more than 3 years b. Borrower fulfils the financial institution's credit assessment c. Supersedes the 10-Feb-14 announcement	-10.8%
10-Mar-2017	Reduction in Seller's Stamp Duty (SSD) - 1st yr: 12% (from 16%) - 2nd yr: 8% (from 12%) - 3rd yr: 4% (from 8%) - 4th yr: 0% (from 4%) Reduce the holding period for imposition of Seller's Stamp Duty (SSD) - Decrease to 3 years from 4 years Removal of Total Debt Servicing Ratio (TDSR) framework for mortgage equity withdrawal loans - Removed for loans which have Loan-to-Value ratios 50% and below Stamp duties on transfer of equity interests in entities whose primary tangible assets are Singapore residential properties - Transfer of ownership will be subject to usual stamp duties	-10.8%
30-Jun-2017	Trough of PPI for property cooling measures downturn	-11.6%

Source: URA, HDB, Govt. announcements, news articles.

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Table 9: History of relaxation measures during COVID-19 downturn and period when the developer index bottomed

Date	Event	PPI decline from peak
31-Dec-2008	Peak in PPI ahead of COVI9 downturn	
6-Feb-2020	Substantially-Singapore owned listed developers to be exempted from Qualifying Certificate (QC) regime	-1.2%
6-May-2020	6 month extension to project completion, ABSD and QC deadlines to manage impact of COVID-19	-1.2%
13-May-2020	6 month extension to cover options to purchase (OTPs), sale and purchase (S&P) agreements, and agreements for lease (AFL) for residential property between housing developers and buyers.	-1.2%
?	**Bottom of developer index**	**?**
?	Trough of PPI for GFC downturn	?

Source: URA, HDB, Govt. announcements, news articles.

Probability of policy relaxation

With property prices only just starting to fall, down c.1% during 1Q20, we do not expect major policy relaxation in the near term. We expect the total debt servicing ratio to remain in place for the foreseeable future to ensure borrows remain prudent. A potential reversal of the lower loan-to-deposit ratios and additional stamp duty imposed in July 2018 may happen if we see a rapid decline in property prices approaching 5-10% levels. We believe any policy relaxation would be focused primarily on genuine buyers rather than supporting speculative investments given the low interest rate environment. Thus, the likelihood of reducing the period when SSD is applicable is low to moderate, in our view. However, deposits for first home buyers were raised to 25% from 20% in 2018, which could be reversed.

The government recently gave developers six-month extensions for project completion, ABSD and QC deadlines due to the impact of the COVID-19 crisis, as there have been disruptions arising from the circuit breaker such as closure of show flats, supply chain constraints and foreign labour availability.

However, we do not expect a permanent relaxation of the five-year period in which developers need to sell properties before ABSD kicks in, as many developers have yet to cut prices and we have only seen a modest fall in property prices. As yet, there is no urgency for the government to act and we believe they are likely to take a ‘wait and see’ approach unless heavy price discounting happens, causing a severe negative feedback loop as we approach 2H21 when the first tranche of properties approach the five-year deadline.

Residential prices to correct by 10% over next couple of years

One rationale for the Singapore government to impose property cooling measures in July 2018 was due to the rapid increase in prices and developers looking to replenish landbank resulting in a ‘flour being more expensive than bread’ situation, i.e. prices of enbloc and new land were higher on a psf basis than nearby completed buildings. The measures over 2013-17 were also engineered to moderate speculative investments given the low interest rate environment. In addition, we believe over the past few years the government had an eye on the impact on the Singapore property market should we experience a recession and to mitigate or temper declines in property prices during a downturn, as prices may not increase as much during better economic times.

With median household income rising over the last few years and property prices only experiencing a modest increase since then, the price to median household income is at the lowest level heading into a recession or downturn in the property market over the last 25 years. This should mitigate any potential price falls, in our view.

Table 10: Property price to median household income at start and trough of past downturn

Downturn	Quarter of peak in PPI	Price to income at peak	Quarter of trough in PPI	Price to income at peak
AFC	2Q96	16.0	4Q98	8.1
Dotcom Bust/911	2Q20	11.1	3Q04	9.3
GFC	2Q08	11.6	2Q09	10.0
2013-2017 property cooling measures	3Q13	12.3	2Q17	9.7
COVID-19	4Q19	10.3	?	?

Source: URA, SingStats.

Table 11: Change in property price index (PPI) and median household income during past downturns

Downturn	PPI change 3 years prior to downturn	YoY change in PPI in Y1	YoY change in PPI in Y2	YoY change in PPI in Y3	Peak to trough change in PPI	Median household income change 3 years prior to downturn	YoY change in median household income in Y1	YoY change in median household income in Y2	YoY change in median household income in Y3	Change in median household income during peak to trough change in PPI
AFC	100%	-9%	-24%	-6%	-45%	31%	8%	8%	6%	20%
Dotcom Bust/911	-15%	-10%	-9%	-1%	-20%	24%	9%	2%	-1%	10%
GFC	54%	-25%	38%	10%	-25%	22%	6%	2%	8%	6%
2013-2017 property cooling measures	14%	-4%	-4%	-3%	-12%	25%	5%	5%	3%	15%
COVID-19	12%	-5% estimate	-5% estimate	0% estimate	-10% estimate	7%	?	?	?	?

Source: URA, J.P. Morgan estimates

Assuming flat median household incomes and price to income falls to troughs experienced in previous down cycles, residential prices could fall 3-22%.

However, given significantly less percentage growth in upcoming supply compared to the AFC episode, as well as robust government support for the economy through the fortitude, solidarity, resilience and unity budgets, and potentially additional fiscal stimulus packages ahead, we do not expect a 20%-plus fall in property prices.

Overall, we expect property prices to correct by around 10% over the next two years with price to median household income potentially bottoming out at similar levels to the dotcom bust period. While unemployment rates could spike to 6.0-6.5%, similar to levels experienced during the 2003 period, strong government support through wage subsidies and stimulus as well as mortgage deferrals we believe will help temper distressed selling and price falls.

Table 12: Potential decline in property prices to reach trough in price to median household income in prior downturns assuming flat household income

4Q19 Price to income	Downturn	Potential Price to income at trough during prior downturns	Potential decline in property prices
10.3	AFC	8.1	-22%
10.3	Dotcom Bust/911	9.3	-10%
10.3	GFC	10.0	-3%
10.3	2013-2017 property cooling measures	9.7	-6%

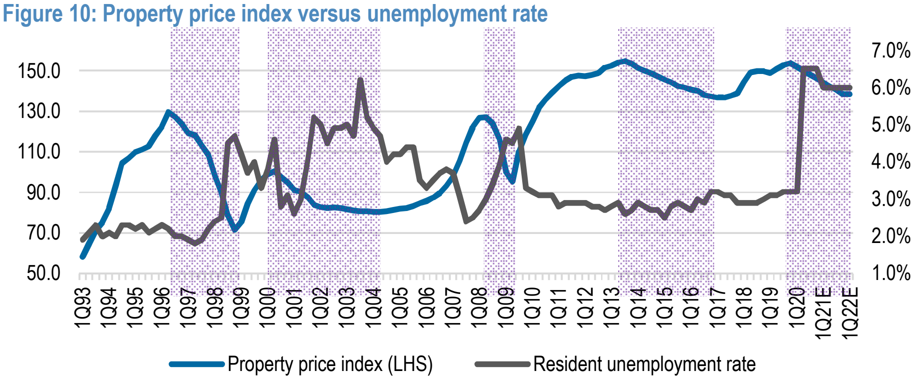
Source: URA, SingStats.

Table 13: Resi prices expected to fall 10% over the next 2 years with OCR potentially seeing smaller declines

Residential	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
High End (CCR) % Chg	14%	4%	1%	(2%)	(4%)	(3%)	(1%)	1%	7%	(2%)	(6%)	(5%)	0%
Mid-End (RCR) % Chg	18%	5%	2%	(0%)	(5%)	(4%)	(3%)	2%	7%	3%	(5%)	(5%)	0%
Mass Market (OCR) % Chg	15%	8%	7%	7%	(2%)	(4%)	(3%)	1%	9%	4%	(4%)	(4%)	0%
Overall % Chg	**18%**	**6%**	**3%**	**1%**	**(4%)**	**(4%)**	**(3%)**	**1%**	**8%**	3%	(5%)	(5%)	0%
Median income growth % Chg	5.6%	11.0%	7.5%	4.0%	5.3$	4.5%	2.1%	2.0%	3.5%	3.0%	(1%)	(1%)	0%
HDB Resale % Chg	14%	11%	7%	(1%)	(6%)	(2%)	(0%)	(1%)	(1%)	0%	(1%)	(1%)	0%

Source: URA, J.P. Morgan estimates

Figure 10: Property price index versus unemployment rate



Source: URA, SingStats, Bloomberg.

Sales volumes to bottom in 2Q20

Based on historical experience during downturns, on average we experienced a decline in average sales volume. Average quarterly primarily sales volumes fell 18%, 9%, 11% and 32% during the AFC, Dotcom bust, GFC and 2013-2017 property cooling measure episodes compared to pre downturn periods.

Before heading into the COVID-19 downturn, average quarterly volumes were 2,323 units or 9,294 units on an annualized basis. Given the circuit breaker imposed over April and May, we expect sales volumes of 5,000-6,000 this year before recovering to 8,000-9,000 in 2020.

With the peak of the circuit breaker in 2Q20, we expect volumes to bottom out in the quarter, with new sales volumes to track below 1,000 units, equivalent to the worst performance from previous downturns. Nonetheless, with developer share prices typically tracking volumes, a recovery in volumes would put a floor to further declines in share prices, in our view.

Table 14: Number of units launched and sold during previous downturns

Downturn	No. of quarters	Total units launched	Average no. of units launched per quarter	Total units sold	Average no. of units sold per quarter	% of units sold	Quarter with lowest sales		Quarter with highest sales	
							Quarter	No. of units	Quarter	No. of units
AFC	10	20,839	2,084	14,879	1,488	71%	4Q97	894	4Q98	2,987
Dotcom/911	16	30,205	1,888	27,444	1,715	91%	1Q03	427	1Q02	4,145
GFC	4	8,927	2,232	9,227	2,307	103%	4Q08	419	2Q09	4,654
Property cooling measures	15	29,217	1,948	31,335	2,089	107%	1Q15	1,311	2Q17	3,077

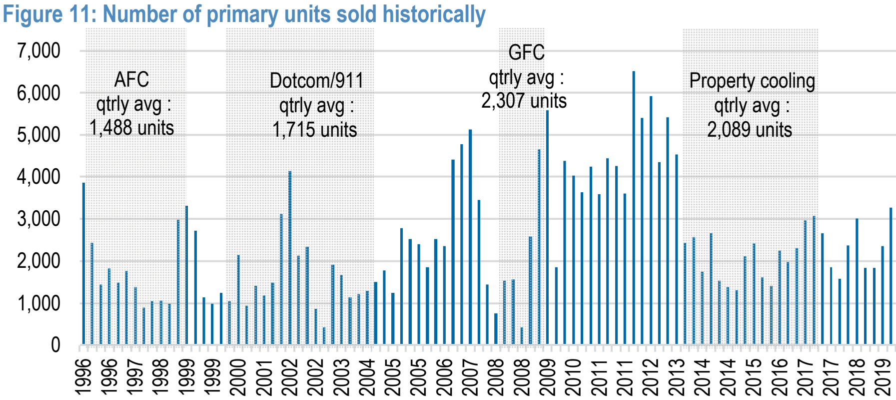
Source: URA, SingStats, Bloomberg, J.P. Morgan.

Table 15: Secondary market volumes during previous downturns

Downturn	% decline in PPI	No. of quarters	Total secondary units sold	Average no. of secondary unit per quarter	Quarter with lowest sales		Quarter with highest sales	
					Quarter	No. of units	Quarter	No. of units
AFC	-45%	10	12,102	1,210	1Q98	664	2Q96	3,683
Dotcom/911	-18%	16	22,888	1,431	1Q03	980	2Q00	1,849
GFC	-25%	4	10,943	2,736	4Q08	1,220	2Q09	5,481
Property cooling measures	-12%	15	28,062	1,871	1Q14	1,071	2Q17	3,828

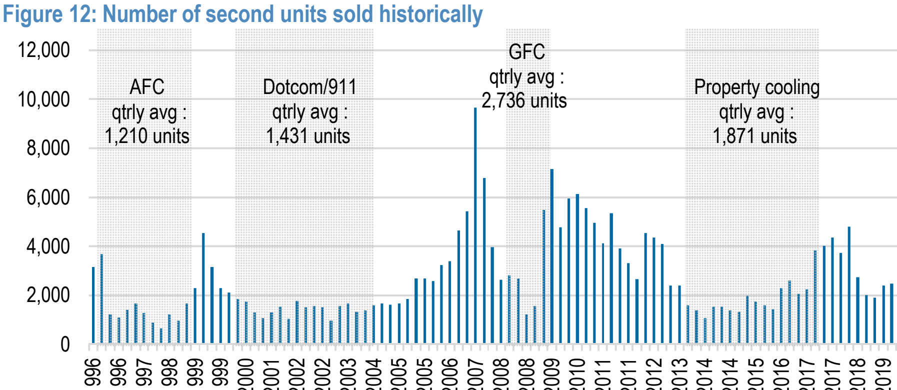
Source: URA, SingStats, Bloomberg, J.P. Morgan estimates.

Figure 11: Number of primary units sold historically



Source: URA, SingStats, J.P. Morgan.

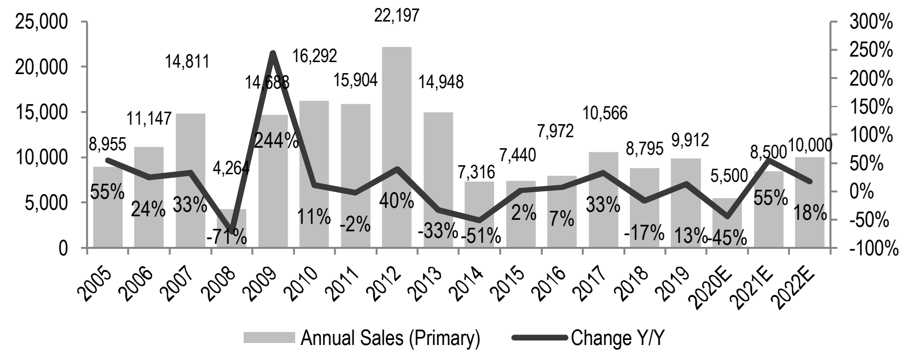
Figure 12: Number of second units sold historically



Source: URA, SingStats, J.P. Morgan.

Figure 13: Primary sales expected to moderate in 2020 due to closure of show flats and impact of recession before recovering over 2021-2022 as low prices stimulate demand

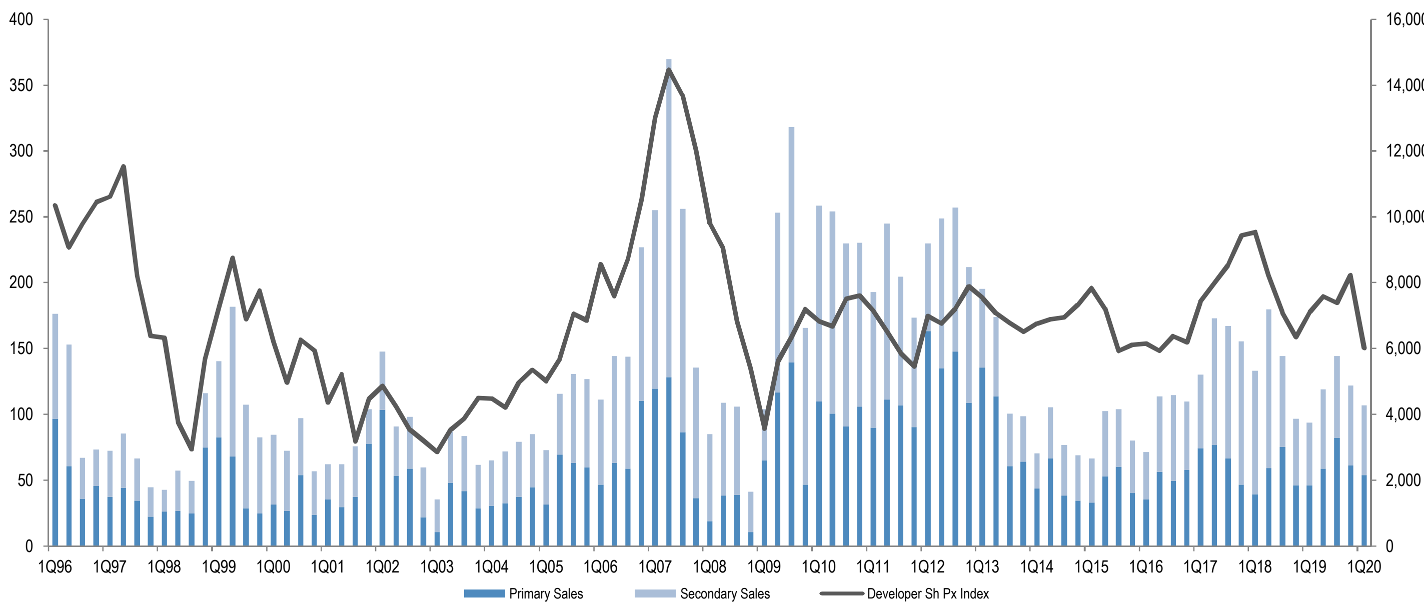
units



Source: URA, J.P. Morgan estimates

Figure 14: Developer share prices track sales volumes

Developer sh px index (LHS)/ Sales volumes in units (RHS)



Source: URA, Bloomberg, J.P. Morgan estimates

Price cuts to stimulate demand

With our view that prices are likely to fall c.10% translating to buyers holding back from buying resulting in slowing sales momentum, we expect developers to start offering discounts to stimulate demand. We believe this is especially for projects that are approaching the five-year ABSD deadline, the first tranche hitting in 2H21 or early 2022 after the temporary six-month delay offered by the government arising from disruptions to the industry from the two-month circuit breaker. For developers under our coverage, we have priced in up to 10% price cuts for those projects that have experienced a slow pace of sales thus far.

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How do developers trade in a declining price environment before a recovery?

In prior downturns, P/Bk multiples drifted lower and only bottomed out 4, 11, 4 and 22 months ahead of the lows of PPI during the AFC, Dotcom bust, GFC and 2013-2017 downturn, respectively. P/Bk multiples fell by 0.21 to 1.25 points.

Table 16: Developers' P/Bk multiples during downturns

Downturn	Start of PPI decline	Bottom PPI	Max	Min	Change from start of PPI decline and Min P/Bk	Average	+1 s.d.	-1 s.d.
AFC	1.71	1.11	2.01	0.46	1.25	1.35	1.84	0.87
Dotcom/911	0.85	0.75	1.09	0.46	0.39	0.75	0.93	0.57
GFC	1.38	1.12	1.41	0.63	0.75	0.93	1.21	0.65
Property cooling measures	0.88	0.87	0.91	0.65	0.23	0.80	0.87	0.72
COVID-19	0.77	?	0.77	0.56	0.21	0.67	0.77	0.58

Source: Company reports, Bloomberg, J.P. Morgan

Table 17: CIT P/Bk multiples during downturns

Downturn	Start of PPI decline	Bottom PPI	Max	Min	Change from start of PPI decline and Min P/Bk	Average	+1 s.d.	-1 s.d.
AFC	3.28	1.83	3.75	0.80	2.48	2.50	3.48	1.53
Dotcom/911	1.37	1.09	1.75	0.61	0.76	1.19	1.50	0.88
GFC	2.01	1.39	2.12	0.83	1.17	1.36	1.80	0.91
Property cooling measures	1.23	1.14	1.25	0.73	0.50	1.02	1.17	0.86
COVID-19	0.97	Current = 0.82	0.97	0.64	0.33	0.81	0.95	0.67

Source: Company reports, Bloomberg, J.P. Morgan

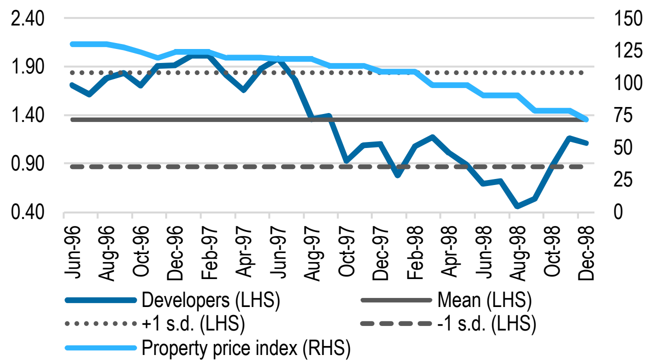
Table 18: UOL P/Bk multiples during downturns

Downturn	Start of PPI decline	Bottom PPI	Max	Min	Change from start of PPI decline and Min P/Bk	Average	+1 s.d.	-1 s.d.
AFC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dotcom/911	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GFC	0.67	0.67	0.69	0.39	0.29	0.53	0.64	0.41
Property cooling measures	0.72	0.77	0.81	0.56	0.17	0.67	0.74	0.60
COVID-19	0.70	Current = 0.63	0.70	0.55	0.15	0.62	0.67	0.56

Source: Company reports, Bloomberg, J.P. Morgan

Figure 15: Developers' P/Bk during AFC

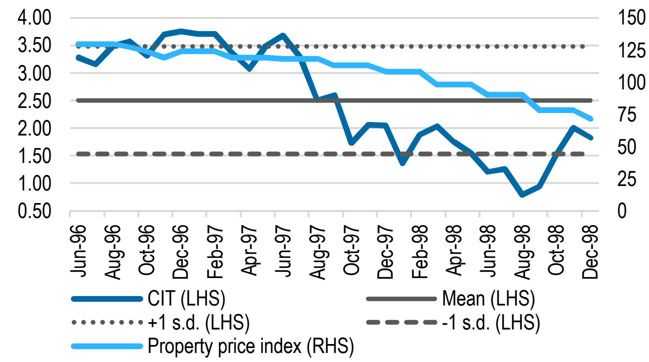
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 16: CIT P/Bk during AFC

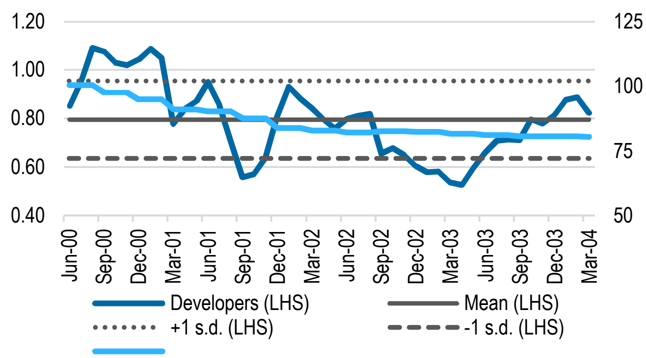
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 17: Developers' P/Bk during Dotcom bust/911

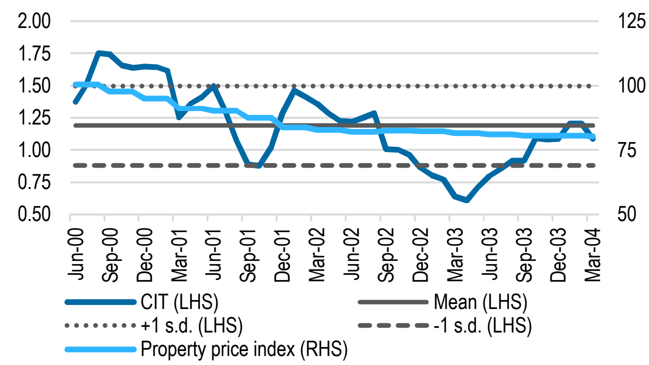
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 18: CIT P/Bk during Dotcom bust/911

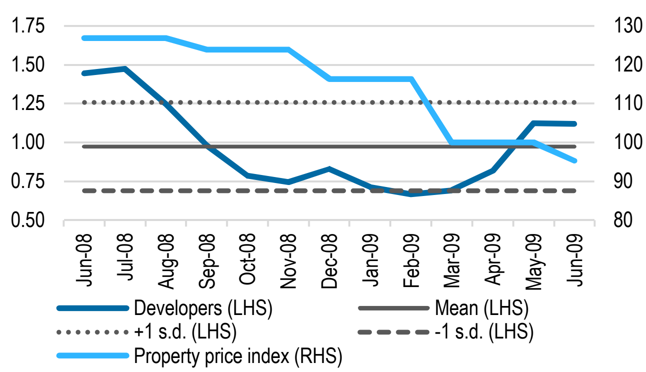
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 19: Developers' P/Bk during GFC

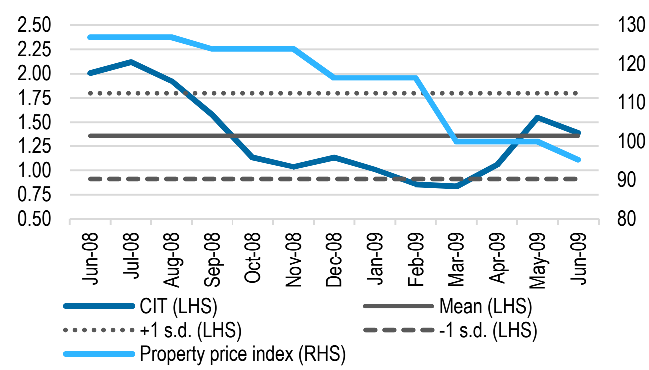
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

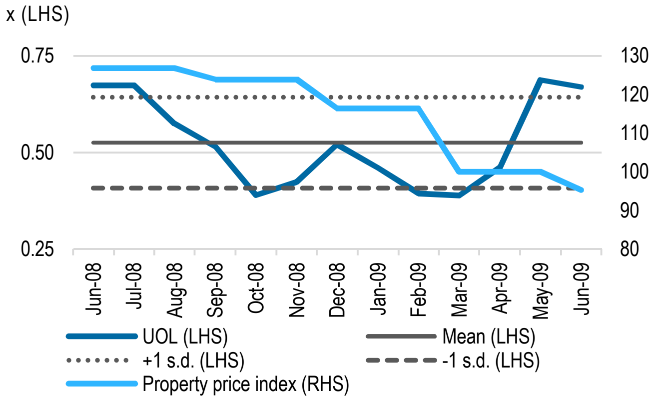
Figure 20: CIT P/Bk during GFC

x (LHS)



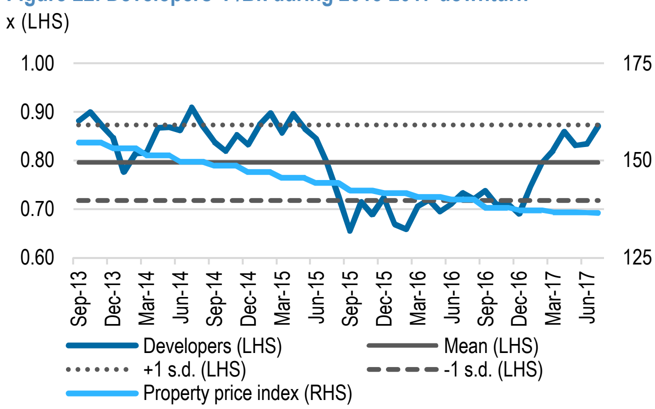
Source: Company reports, Bloomberg, J.P. Morgan.

Figure 21: UOL P/Bk during GFC



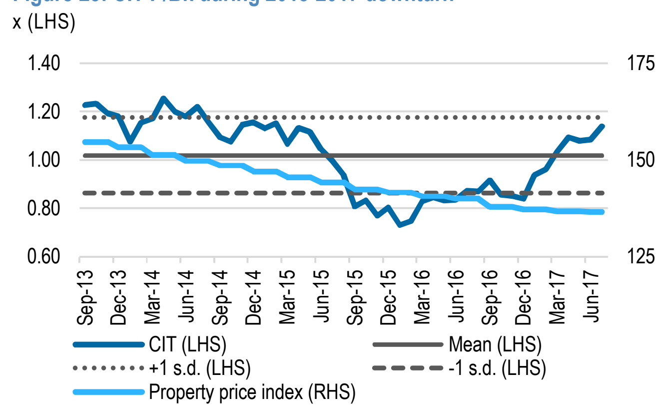
Source: Company reports, Bloomberg, J.P. Morgan.

Figure 22: Developers' P/Bk during 2013-2017 downturn



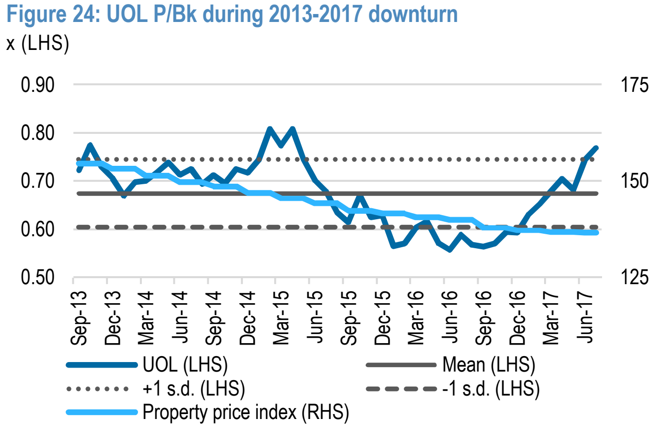
Source: Company reports, Bloomberg, J.P. Morgan.

Figure 23: CIT P/Bk during 2013-2017 downturn



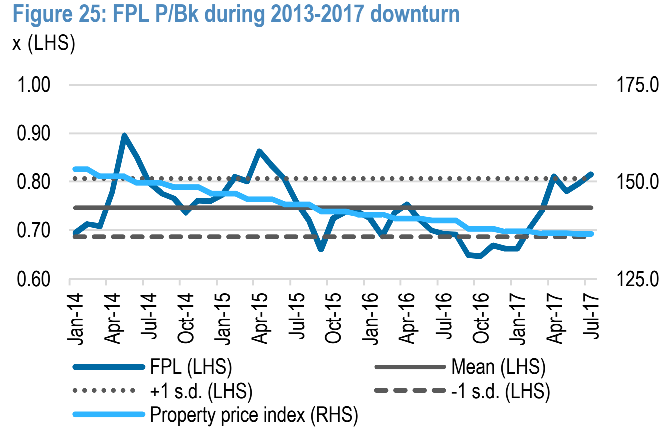
Source: Company reports, Bloomberg, J.P. Morgan.

Figure 24: UOL P/Bk during 2013-2017 downturn



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 25: FPL P/Bk during 2013-2017 downturn



Source: Company reports, Bloomberg, J.P. Morgan.

The 2013-2017 downturn was unusual as it was not due to an economic downturn but rather than government policy to moderate prices. After the initial correction between 2015 and 2016, P/Bk multiples were range-bound at 0.65-0.74x.

With our expectations of a 10% decline in property prices we believe the most comparable episode would be 2013-2017, rather than AFC, Dotcom and GFC downturn where we experienced 20-45% declines in prices.

Given developers on average have already corrected by around 0.2 P/Bk points, consistent with what we observed during the 2013-2017 downturn, we believe developers are likely to trade within a range until we get closer to a bottom of the property market, potentially in 2022 as developers discount prices to clear inventory.

Developers, in our view, at the upper range could potentially trade closer to mean levels seen during the 2013-2017 period.

Developers trading at steep discounts to RNAV offer valuation support

CIT/FPL/UOL currently trade at 37%/45%/38% discounts to RNAVs, which stand at -0.9/-1.0/0 s.d. below their respective mean discounts. We believe this provides robust valuation support, while UOL's narrower discount reflects lower gearing and lower exposure to unsold residential developments. In addition, some investors have been concerned about the drag on earnings from the respective hospitality businesses and uncertainty over the pace of recovery. However, with the hospitality business representing 27%/10%/29% of CIT/FPL/UOL's RNAV, we believe investors are effectively ascribing close to 'zero' value for the hotel portfolio or, looking at it in another way, investors are receiving the hotel business for 'free'.

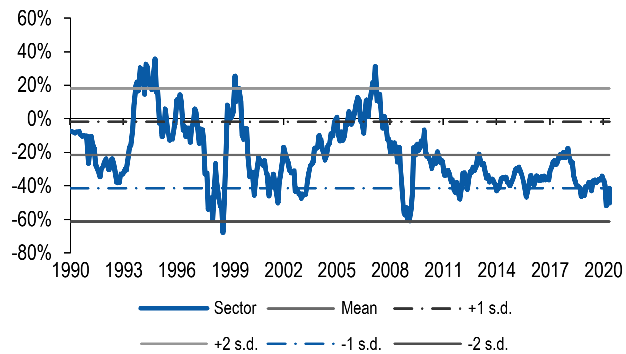
Table 19: Breakdown of RNAV

Segment	CIT	FPL	UOL
Singapore residential	18%	5%	12%
Other residential	13%	23%	4%
Singapore office	17%	8%	30%
Singapore retail	8%	19%	14%
Other commercial	6%	7%	5%
Hospitality	**27%**	**10%**	**29%**
Others	11%	27%	6%

Source: J.P. Morgan estimates.

Figure 26: Developers' discount to RNAV

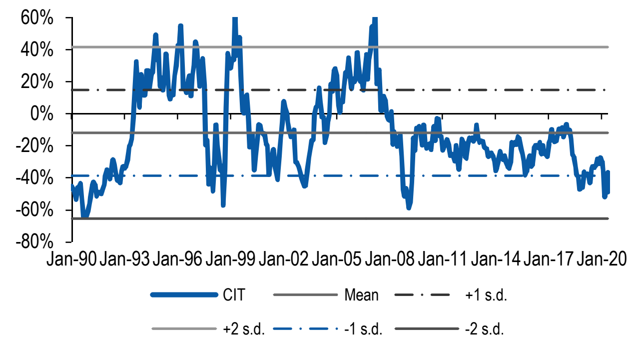
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 27: CIT discount to RNAV

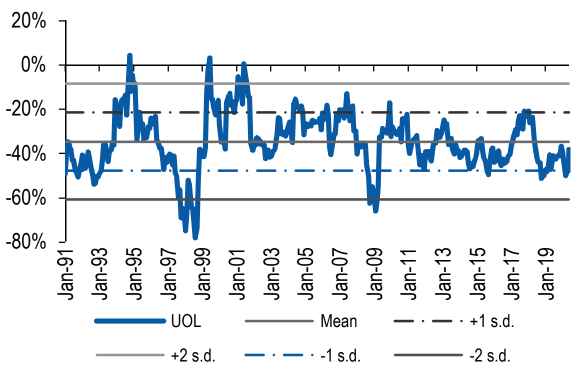
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 28: UOL discount to RNAV

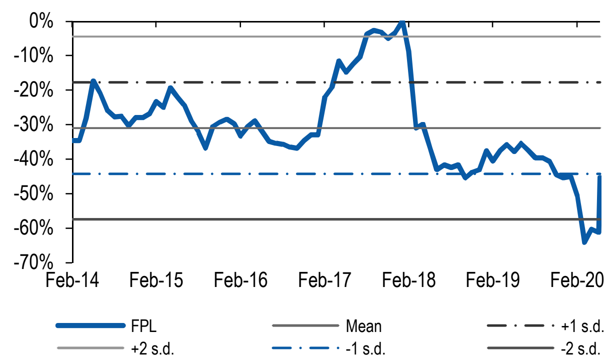
x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Figure 29: FPL discount to RNAV

x (LHS)



Source: Company reports, Bloomberg, J.P. Morgan.

Balance sheet and liquidity

In general, we believe the developers are in a relatively healthy position to refinance maturity debt due over the next 1-2 years given existing cash balances and/or undrawn credit facilities. In addition, given their established track records and large proportion of portfolio under pinned by investment properties, we expect the developers should be in a good position to access the debt/banking markets.

Table 20: Cash balance and credit facilities

Developers	Cash balance (S$bn) as at 31 March 2020	Undrawn committed and uncommitted credit facilities (S$bn) as at 31 March 2020	Restricted, pledged, project account cash/deposits (S$bn)*
CIT	3.3	2.3	0.4
FPL	3.9	2.7	0.0
UOL	0.7	3.2	0.2

* CIT as at 31 December 2019, FPL c.S$47m as at 30 September 2019 and UOL as at 31 December 2019

Source: Company reports.

Table 21: Debt maturity as at 31 March 2020

Developers	FY1	FY2	FY3	FY4	FY5	FY6 onwards
CIT	1,815	2,005	3,854	591	1,286	481
FPL (excluding REITs)	3,884	1,885	4,884	2,177	2,820	1,121
UOL	1,639	996	1,593		735	

Source: Company reports, Bloomberg, J.P. Morgan

Table 22: Debt maturity as at 31 March 2020

Developers	FY1	FY2	FY3	FY4	FY5	FY6 onwards
CIT	18%	20%	38%	6%	13%	5%
FPL (excluding REITs)	23%	11%	29%	13%	17%	7%
UOL	33%	20%	32%		15%	

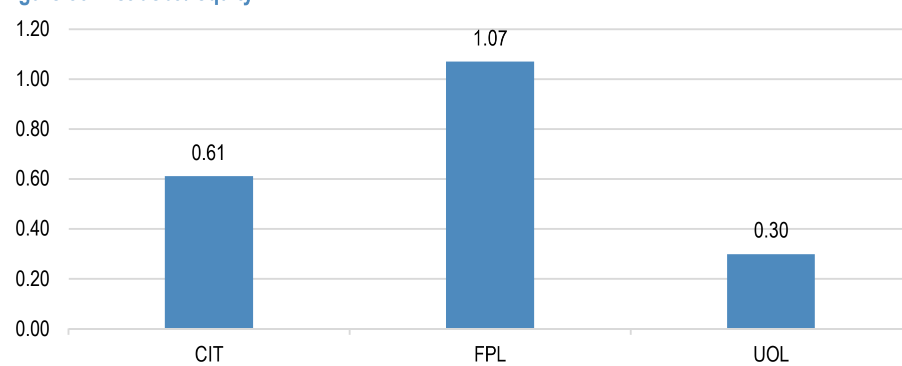
Source: Company reports, Bloomberg, J.P. Morgan

Table 23: Debt metrics as at 31 March 2020

Developers	Debt maturity (years)	Borrowing costs	% of fixed rate debt
CIT	2.3	2.3%	40.0%
FPL	2.6	2.6%	67.9%
UOL	1.8	2.3%	n/a

Source: Company reports, J.P. Morgan estimates

Figure 30: Net debt / equity



Source: Company reports, J.P. Morgan estimates

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Table 24: EBITDA / net interest expense

Developers	FY19	FY20	FY21	FY22
CIT	5.5	4.2	6.1	5.0
FPL	2.9	2.6	3.0	2.9
UOL	7.9	8.5	11.4	23.5

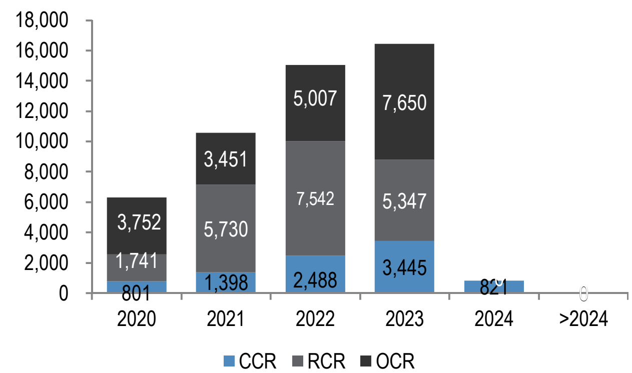
Source: Company reports, J.P. Morgan estimates

High end potentially most vulnerable in a downturn

Upcoming supply is predominantly pre-sold (81%) for 2020, while supply from 2021-2023 is largely located in Outside Central Region (OCR) and Rest of Central Region (RCR). However, we see OCR and RCR being more resilient compared to Core Central Region (CCR) as demand is more skewed to owner occupied or Housing Development Board (HDB) upgraders rather than investment-led demand.

Figure 31: Upcoming supply by segment

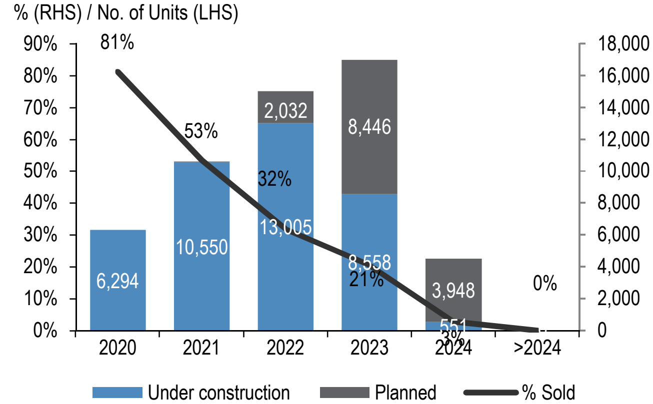
No. of Units



Source: URA

Figure 32: Upcoming supply – under construction / planned

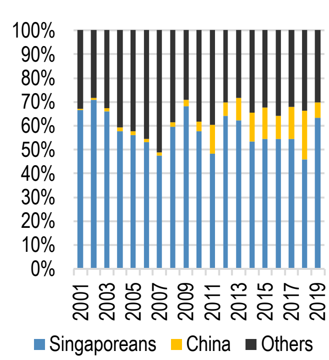
% (RHS) / No. of Units (LHS)



Source: URA

Figure 33: CCR new homebuyers by nationality

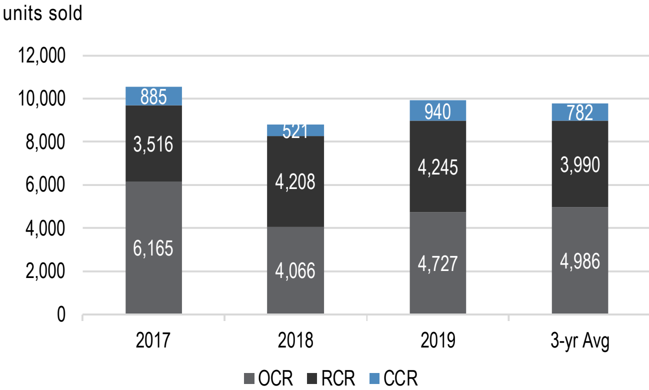
%



Source: URA, J.P. Morgan estimates

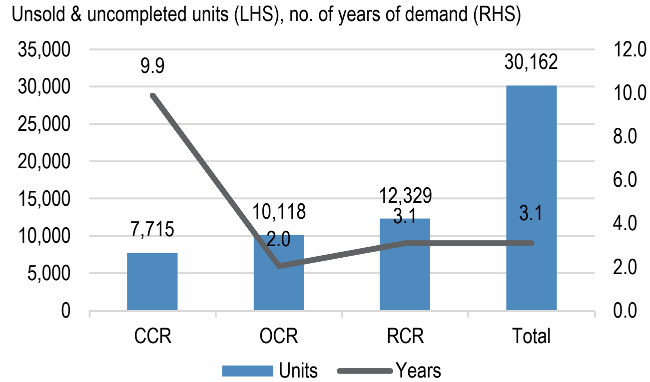
We believe CCR has the greatest vulnerability, as even before the impact of COVID-19, assuming average demand of 800 units p.a. over the last three years, we estimate that the **current backlog of 7,715 units would have taken close to ten years** to clear. This would pose the greatest threat for developers that are subject to stamp duty/qualifying certificate requirements.

Figure 34: Average demand of 5,000 units (OCR), 4,000 units (RCR) and 800 units (CCR) p.a.



Source: URA, J.P. Morgan estimates

Figure 35: 30,000 unsold units implies 3.1 years of demand, although the 7,700 unsold CCR units will take 10 years to clear vs. 2-3 years for OCR/RCR

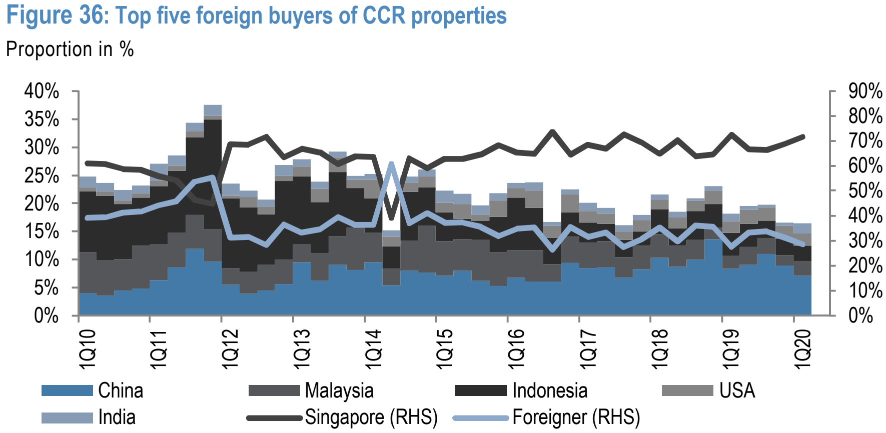


Source: URA, J.P. Morgan estimates

Beyond the near-term impact from the closure of show flats, once the circuit breaker in Singapore is lifted, we believe CCR demand could also underperform due to COVID-19 related travel restrictions on inbound Chinese visitors and potential difficulty for developers/agents to head overseas for marketing. At this stage, the Singapore government is looking to prioritize essential business travel with 'travel bubbles' with countries that have COVID-19 under control. This may entail travelers being tested before and after the flight. In compassion, mass market travel will likely take longer to resume. The impact for CCR is likely to be more pronounced as Chinese home-buyers account for ~13% of CCR demand in 2018/19, up significantly from the previous SARS (2003, 1%) or H1N1 (2009, 3%) periods. Homebuyers from China form the largest set of buyers.

The medium-term impact on CCR arises due to supply from en-bloc redevelopments and new launches. Upcoming CCR supply of 7,715 units includes over 4,000 units launching in 2020. CCR developments will account for 45% of 2020 new unit launches and 47% of new projects.

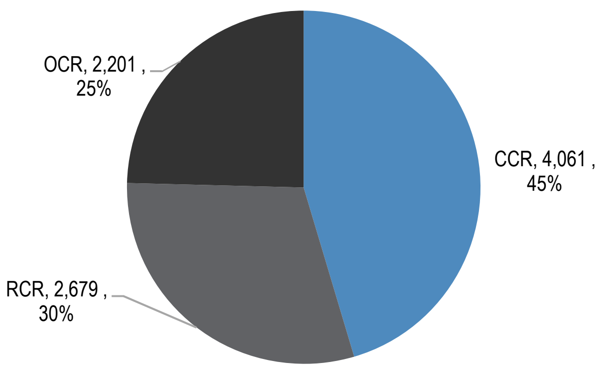
Figure 36: Top five foreign buyers of CCR properties



Source: URA.

Figure 37: CCR accounts for 45% of units launching in 2020

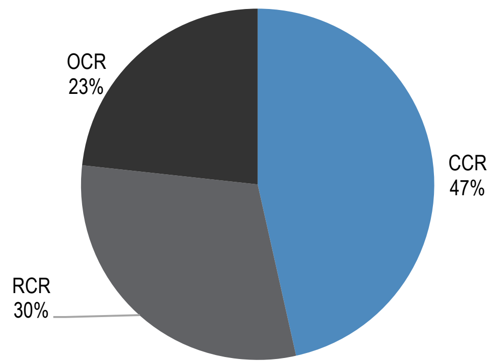
Units



Source: URA, J.P. Morgan estimates

Figure 38: 47% of the projects launching in 2020 are in the CCR

Projects



Source: URA, J.P. Morgan estimates

Table 25: Over 40 new launches totaling ~9,000 units expected in 2020

S/N	Project	Type	Segment	Location	Developer	Total (units)
1	Van Holland	En-Bloc	CCR	Holland Road	Koh Brothers	69
2	The Avenir	En-Bloc	CCR	River Valley Close	Guocoland (40%), Hong Leong Investment Holdings (60%)	376
3	Leedon Green	En-Bloc	CCR	Farrer Road	Yanlord Land, MCL Land JV (Asia Radiant)	638
4	Hyll On Holland	En-Bloc	CCR	Holland Road	FEC Properties	319
5	Parkwood Residences	En-Bloc	OCR	Yio Chu Kang Road	Oxley Holdings	18
6	Luxus Hills	En-Bloc	OCR	Luxus Hill Ave	Bukit Sembawang	39
7	The Linq @ Beauty World	En-Bloc	OCR	Upper Bukit Timah Road	Alika Prop (62%-BBR Holdings)	120
8	Residence 1	En-Bloc	RCR	Lorong 24 Geylang	The One Residence	116
9	Amber Sea	En-Bloc	RCR	Amber Gardens	Far East Org	132
10	Guillemard Road Site	En-Bloc	RCR	Guillemard Road/Jalan Molek	Guillemard 1	138
11	Permai Residences	En-Bloc	RCR	Kampong Bahru Rd	Popular Land	17
12	Eden	En-Bloc	CCR	Draycott Park	Swire Properties	20
13	Ferra	En-Bloc	CCR	Leonie Hill Road	Far East Org	104
14	Grange 1866	En-Bloc	CCR	Grange Road	Private investors	60
15	The Enclave . Holland	Pte Treaty	CCR	Holland Road	Three Sixty-Nine Development	26
16	Vanilla	Pte Treaty	RCR	Still Road	Melville Pte Ltd	60
17	77 @ East Coast	En-Bloc	OCR	Upper East Coast Road	KTC Group	41
18	Jervois Prive	En-Bloc	CCR	Jervois Road	Mike Ho (Spring Court)	43
19	White Cove	Pte Treaty	OCR	Ponggol Seventeenth Ave	Tai Lai Holdings	17
20	19 Nassim	Pte Treaty	CCR	Nassim Hill	Keppel Land	101
21	The Atelier	En-Bloc	CCR	Makeway Avenue	Bukit Sembawang Estates	120
22	Cairnhill 16	En-Bloc	CCR	Cairnhill Rise	Tiong Seng (60%)/ Ocean Sky (40%) (Tsky Development)	39
23	Infini At East Coast	En-Bloc	OCR	East Coast Road	Global Dragon Ltd	36
24	15 Holland Hill	En-Bloc	CCR	Holland Hill	Kheng Leong (Peak Opal)	59
25	Noma	En-Bloc	RCR	Guillemard Road	Macly Group	50
26	La Mariposa	En-Bloc	RCR	Mangis Road	Lakeview LR	17
27	Kl Residences At Brookvale	En-Bloc	OCR	Sunset Way	Hoi Hup (60%), Sunway (30%), S C Wong (10%)	648
28	Dalvey Haus	En-Bloc	CCR	Dalvey Road	KOP (60%)/ Low Keng Huat (40%)	27
29	The Landmark	En-Bloc	RCR	Chin Swee Road	ZACD JV	360
30	Verticus	En-Bloc	RCR	Jalan Kemaman	Soilbuild Group	162
31	Tedge	En-Bloc	OCR	Telok Kurau Road	Macly	42
32	Forett@Bukit Timah	En-Bloc	RCR	Toh Tuck Road	Qingjian Realty (60%)/ Perennial (40%)	633
33	Klimt Cairnhill	En-Bloc	CCR	Cairnhill Road	Low Keng Huat	240
34	Peak Residence	En-Bloc	CCR	Thomson Road	Tuan Sing (70%), Rich Capital (30%)	90
35	Verdale	GLS	RCR	Jalan Jurong Kechil	COHL/China Construction	258
36	Kopar at Newton	GLS	CCR	Kampong Java Road	Chip Eng Seng	378
37	Penrose	GLS	RCR	Sims Drive	City Developments, Hong Leong	566
38	The M	GLS	CCR	Middle Road	Wing Tai	522
39	Pasir Ris Central Mixed GLS	GLS	OCR	Pasir Ris Central	Allgreen/Kerry	600
40	Clavon	GLS	OCR	Clementi Avenue 1	UOL (80%)/UIC (20%)	640
41	Midtown Modern	GLS	CCR	Tan Quee Lan Street	Guocoland, Hong Leong, Hong Realty	580
42	one-north GLS	GLS	RCR	one-north Gateway	TID	170
43	Bernam Street GLS	GLS	CCR	Bernam Street	Hao Yuan	250
45	Parc Canberra	GLS	EC	Canberra Link	Hoi Hup/Sunway	496
46	Ola	GLS	EC	Anchorvale Crescent	Evia/Gamuda	548
47	Parc Central Residences	GLS	EC	Tampines Ave 10	Hoi Hup/Sunway	700
					Total excl ECs	**8,941**
					Total	**10,685**

Source: URA, company data, J.P. Morgan estimates

While this may not be the case for residential properties on commercial land (e.g. GUOL's Wallich Residences and Midtown Bay), or for projects which are on older landbank (e.g. CIT's Boulevard 88), we believe that developers which have secured high-end landbank in the recent 2017-2018 en-bloc cycle, would be most at risk of unsold inventory. Only 20% of the ~7,800 units in the top CCR projects with unsold inventory have been sold, which implies ~6,300 of unsold CCR units. Of these, only three developments, The M, Martin Modern and Boulevard 88, are over 50% sold. However, the risk of unsold inventory for developers under our coverage remains low, with CIT accounting for only 3% of unsold CCR units.

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Table 26: High-end overhang: Only 12% of the top 33 CCR projects have been sold; CIT accounts for 3% of unsold CCR units

S/N	Project Name	Street Name	Developer	Total Units	Unsold Units	Sold Units	Sold (%)
1	Leedon Green	Farrer Road/Holland Road/Leedon Heights	Yanlord Land, MCL Land JV	638	596	42	7%
2	Midtown Modern	Tan Quee Lan Street	Guocoland, Hong Leong, Hong Realty	580	580	0	0%
3	Fourth Avenue Residences	Fourth Avenue	Allgreen Properties	476	361	115	24%
4	The Avenir	River Valley Close	Guocoland (40%) JV	376	358	18	5%
5	Pullman Residences, Newton	Dunearn Road	EL Development (Horizon) Pte Ltd	340	333	7	2%
6	Hyll On Holland	Holland Hill/Holland Road/Queensway	FEC Skypark	319	319	0	0%
7	Kopar At Newton	Makeway Avenue/Kampong Java Road	Chip Eng Seng	378	294	84	22%
8	Bernam Street GLS	Bernam Street	Hao Yuan	250	250	0	0%
9	Klimt Cairnhill	Cairnhill Road	Low Keng Huat	240	240	0	0%
10	Royalgreen	Anamalai Avenue	Allgreen Properties	285	230	55	19%
11	Perfect Ten	Bukit Timah Road	Japura (Cheung Kong)	230	230	0	0%
12	Cuscaden Reserve	Cuscaden Road	SC Global JV	192	188	4	2%
13	One Holland Village Residences	Holland Village Way	Far East Org JV	296	172	124	42%
14	Midtown Bay	Beach Road	GuocoLand JV	219	169	50	23%
15	Haus On Handy	Handy Road	City Developments	188	155	33	18%
16	The M	Middle Road	Wing Tai	522	138	384	74%
17	Residential apartments	Cairnhill Rise	JU-I Properties	126	126	0	0%
18	The Atelier	Makeway Avenue	Bukit Sembawang	120	120	0	0%
19	Ferra	Leonie Hill	Far East Org	104	104	0	0%
20	Juniper Hill	Ewe Boon Road	Allgreen Properties	115	103	12	10%
21	The Hyde	Balmoral Road	Aurum Land	117	101	16	14%
22	19 Nassim	Nassim Hill	Keppel Land	101	100	1	1%
23	RV Altitude	River Valley Road	Roxy Pacific	140	99	41	29%
24	Parksuites	Holland Grove Road	Far East Org	119	95	24	20%
25	Peak Residence	Thomson Road	Tuan Sing JV	90	90	0	0%
26	Wilshire Residences	Farrer Road	Roxy Pacific JV	85	75	10	12%
27	Martin Modern	Martin Place	Guocoland	450	70	380	84%
28	One Draycott	Draycott Park	Selangor Dredging	64	61	3	5%
29	Boulevard 88	Orchard Boulevard	City Developments	154	62	24	60%
30	Grange 1866	Grange Road	iLiv Realty	60	60	0	0%
31	Residential apartments	Draycott Park	Shernyang Pte Ltd	60	60	0	0%
32	15 Holland Hill	Holland Hill	Kheng Leong	59	58	1	2%
33	Van Holland	Holland Road	Koh Brothers	69	55	14	20%
34	Residential apartments	Orchard Boulevard	Shun Tak	54	54	0	0%
35	Petit Jervois	Jervois Road	SC Global	55	53	2	4%
36	Residential apartments	Bukit Timah Road	KBD Kosdale Pte Ltd & Kosland Pte Ltd	52	52	0	0%
37	10 Evelyn	Evelyn Road	Creative Investments Pte Ltd	56	51	5	9%
				7,779	**6,262**	**1,449**	**20%**

Source: URA, J.P. Morgan estimates. Note: For projects with >50 units unsold

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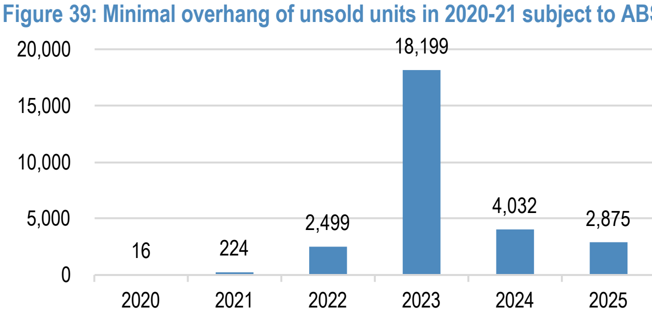
Table 27: Developer Sales by Project

Developer	Project	Segment	Total Units	Sold (Units)	Unsold Units	Unsold (%)	Historical Median Price PSF (S$)	Latest Price PSF ($)	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
CAPL	One Pearl Bank	Mid-End	774	263	511	66%	2,377	2,659	10	3	2	1	5	2
CAPL/CIT	Sengkang Grand Residences	Mass	680	237	443	65%	1,739	1,659	235	3	5	2	7	1
CIT	Forest Woods	Mass	519	516	3	1%	1,423	1,418	1	0	0	0	0	0
CIT	The Tapestry	Mass	861	742	119	14%	1,382	1,449	22	7	3	12	18	9
CIT	Boulevard 88	High-End	154	94	60	39%	3,651	3,713	4	3	2	0	1	2
CIT	The Jovell	Mass	428	116	312	73%	1,276	1,182	4	10	4	2	8	1
CIT	Whistler Grand	Mass	716	494	222	31%	1,371	1,481	16	11	16	11	19	0
CIT	Piermont Grand	EC	820	511	309	38%	1,102	1,151	21	13	20	15	28	3
CIT	Haus on Handy	High-End	188	33	155	82%	2,875	2,892	2	1	2	0	1	0
CIT	Amber Park	Mid-End	592	205	387	65%	2,475	2,578	5	2	8	4	2	1
CIT	Penrose	Mid-End	566	0	566	100%			-	-	-	0	0	0
UOL	Amber 45	Mid-End	139	117	22	16%	2,320	2,120	3	0	1	2	1	0
UOL	The Tre Ver	Mid-End	729	682	47	6%	1,597	1,628	20	16	15	15	9	2
UOL	Meyerhouse	Mid-End	56	7	49	88%	2,594	2,673	0	0	0	0	0	0
UOL	Avenue South Residence	Mid-End	1,074	473	601	56%	1,956	2,010	35	17	18	12	11	3
UOL	Clavon	Mid-End	640	0	640	100%			-	-	-	-	-	0
FPL	Seaside Residences	Mass	841	785	56	7%	1,754	1,949	4	4	1	6	6	1
FPL	Riviere	Mid-End	455	53	402	88%	2,852	2,638	3	1	3	0	3	0
WINGT	The Garden Residences	Mass	613	280	333	54%	1,577	1,611	9	11	8	21	13	4
WINGT	The M	Mass	522	384	138	26%	2,441	2,477	-	0	0	380	14	7
	Total		**11,367**	**5,992**	**5,375**	**47%**			**394**	**102**	**108**	**483**	**146**	**36**

Source: URA, J.P. Morgan estimates.

With the extension of the five-year ABSD deadline by six months, we expect limited overhang from unsold units to prompt a sharp decline in prices in 2020/21. We anticipate that the bulk of ABSD deadlines will likely have been pushed to 2023, with over 18,000 unsold units due to come up against the 5.5 year revised deadline.

Figure 39: Minimal overhang of unsold units in 2020-21 subject to ABSD deadlines



Source: J.P. Morgan estimates, Company data.

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Table 28: Residential developments, sales progress and deadlines

Project	Segment	Location	Developer	Units	Date Secured	5.5 Yrs Deadline	Unsold Units	Unsold %
Queens Peak	RCR	Dundee Road	Hao Yuan Invt	736	Jun-15	Dec-20	16	2%
Forest Woods	OCR	Lorong Lew Lian	City Developments, Hong Leong & TID	519	Nov-15	May-21	3	1%
Artra	RCR	Alexandra View	Tang Skyline	400	Nov-15	May-21	7	2%
Seaside Residences	OCR	Siglap Road	FCL Topaz, Sekisui House, KH Capital	841	Jan-16	Jul-21	56	7%
Grandeur Park Residences	OCR	New Upper Changi Rd/Bedok South Ave 3	Chip Eng Seng	720	Feb-16	Aug-21	15	2%
Kandis Residence	OCR	Jalan Kandis	Tuan Sing	130	Apr-16	Oct-21	30	23%
Le Quest	OCR	Bukit Batok West Avenue 6	Qingjian Realty	516	May-16	Nov-21	43	8%
Martin Modern	CCR	Martin Place	Guocoland	450	Jun-16	Dec-21	70	16%
The Tre Ver	RCR	Potong Pasir Avenue 1	UOL (50%) & UIC (50%)	729	Oct-16	Apr-22	47	6%
3 Cuscaden	CCR	Cuscaden Walk	Sustained Land	96	Nov-16	May-22	14	15%
Margaret Ville	RCR	Margaret Drive	MCL Land	309	Dec-16	Jun-22	7	2%
Uptown @ Farrer	RCR	Perumal Road	Low Keng Huat	116	Jan-17	Jul-22	88	76%
Twin Vew	OCR	West Coast Vale	China Construction	520	Feb-17	Aug-22	53	10%
Bukit 828	CCR	Upper Bukit Timah Road	Roxy Pacific (80%)	34	Feb-17	Aug-22	12	35%
Daintree Residence	RCR	Toh Tuck Road	SP Setia	327	Apr-17	Oct-22	226	69%
Mont Botanik Residence	OCR	Jalan Remaja	Tuan Sing Holdings	108	Apr-17	Oct-22	49	45%
The Tapestry	OCR	Tampines Avenue 10	City Dev	861	Apr-17	Oct-22	119	14%
JadeScape	RCR	Shunfu Road	Qingjian Realty	1,204	May-17	Nov-22	453	38%
One Tree Hill Collection	CCR	One Tree Hill	Lum Chang	14	May-17	Nov-22	10	71%
Stirling Residences	RCR	Stirling Road	Logan Property Holdings (51%) & Nanshan Group (49%)	1,259	May-17	Nov-22	298	24%
Riverfront Residences	OCR	Hougang Avenue 7	Oxley (35%)/ KSH (35%)/ Lian Beng (20%)/ Apricot Capital (10%)	1,472	May-17	Nov-22	201	14%
The Linq @ Beauty World	OCR	Upper Bukit Timah Road	Alika Prop (62%-BBR Holdings)	120	May-17	Nov-22	120	100%
Parkwood Collection	OCR	Lorong 1 Realty Park	Fantasia Group JV	53	Jun-17	Dec-22	49	92%
Parc Esta	RCR	Sims Avenue	MCL Land	1,399	Jun-17	Dec-22	226	16%
One Draycott	CCR	Draycott Park	Selangor Dredging	64	Jun-17	Dec-22	61	95%
The Woodleigh Residences	OCR	Upper Serangoon Rd	SPH (50%)/Kajima (50%)	667	Jun-17	Dec-22	466	70%
Park Colonial	RCR	Woodleigh Lane	Chip Eng Seng Corporation (60%), KSH Holdings (20%) & Heeton Holdings (20%)	805	Jul-17	Jan-23	88	11%
The Verandah Residences	RCR	Pasir Panjang Road	Oxley Holdings	170	Jul-17	Jan-23	0	0%
One Meyer	RCR	Meyer Place	Sustained Land/Goodland Group (17%)	66	Jul-17	Jan-23	46	70%
AFFINITY AT SERANGOON	OCR	Serangoon North Avenue 1	Oxley (40%)/ Lian Beng (20%)/ Unique Invesco (20%)/ Apricot Capital (20%)	1,052	Jul-17	Jan-23	354	34%
The Garden Residences	OCR	Serangoon North Avenue 1	Keppel Land (60%)/ Wing Tai (40%)	613	Jul-17	Jan-23	333	54%
RV Altitude	CCR	River Valley Rd	Roxy Pacific	140	Aug-17	Feb-23	99	71%
Treasure at Tampines	OCR	Tampines St 11	Sim Lian	2,203	Aug-17	Feb-23	1,094	50%
Sloane Residences	CCR	Balmoral Road	Tiong Seng (60%)/ Ocean Sky (40%) (Tsky Development)	52	Aug-17	Feb-23	47	90%
Parkwood Residences	OCR	Yio Chu Kang Road	Oxley Holdings	18	Aug-17	Feb-23	18	100%
Lattice One	RCR	Seraya Crescent	Tee Land	48	Sep-17	Mar-23	19	40%
Nyon	RCR	Amber Road	Aurum Land	92	Sep-17	Mar-23	72	78%
The Gazania	OCR	How Sun Drive	SingHaiyi Properties (50%) and Huajiang International Corporation (50%)	250	Sep-17	Mar-23	226	90%
Petit Jervois	CCR	Jervois Rd	SC Global	55	Sep-17	Mar-23	53	96%
Midtown Bay	CCR	Beach Road	GUOL (70%), Guoco Group (30%)	219	Sep-17	Mar-23	169	77%
Meyerhouse	RCR	Meyer Road	UOL (50%)/Kheng Leong (50%)	56	Sep-17	Mar-23	49	88%
Arena Residences	RCR	Guillemard Lane	Roxy Pacific	98	Oct-17	Apr-23	21	21%
Amber Park	RCR	Amber Gardens	City Developments (80%)/ Hong Leong Group (20%)	592	Oct-17	Apr-23	387	65%
Normanton Park	RCR	Normanton Park	Kingsford Huray Development	1,862	Oct-17	Apr-23	1,862	100%
Parc Komo	OCR	Jalan Mariam	Chip Eng Seng	276	Oct-17	Apr-23	161	58%
The Florence	OCR	Hougang Avenue 2	Logan Property	1,410	Oct-17	Apr-23	795	56%

Project	Segment	Location	Developer	Units	Date Secured	5.5 Yrs Deadline	Unsold Units	Unsold %
Residences								
Dunearn 386	CCR	Dunearn Road	Roxy Pacific (100%)	35	Oct-17	Apr-23	28	80%
35 Gilstead	CCR	Gilstead Road	Tee Land	70	Nov-17	May-23	42	60%
Mayfair Modern	RCR	Rifle Range Road	Oxley Holdings	171	Nov-17	May-23	103	60%
77 @ East Coast	OCR	Upper East Coast Road	KTC Group	41	Nov-17	May-23	38	93%
The Lilium	OCR	How Sun Avenue	Singhaiyi (50%), Huajiang Properties (50%)	80	Nov-17	May-23	79	99%
The Hyde	CCR	Balmoral Road	Aurum Land (Woh Hup)	117	Nov-17	May-23	101	86%
Juniper Hill	CCR	Ewe Boon Road	Allgreen Properties	115	Dec-17	Jun-23	103	90%
Royalgreen	CCR	Bukit Timah Road	Allgreen Properties	285	Dec-17	Jun-23	230	81%
Fourth Avenue Residences	CCR	Fourth Avenue	Allgreen Properties	476	Dec-17	Jun-23	361	76%
Riviere	CCR	Jiak Kim Street	Frasers Property	455	Dec-17	Jun-23	402	88%
Jervois Prive	CCR	Jervois Road	Mike Ho (Spring Court)	43	Dec-17	Jun-23	43	100%
Rezi 24	RCR	Lorong 24 Geylang	KSH(48%),Lian Beng (42%), Heeton (10%	110	Dec-17	Jun-23	52	47%
The Addition	RCR	Meyappa Chettiar Road	Oxley Holdings (100%)	26	Dec-17	Jun-23	0	0%
Fyve Derbyshire	CCR	Derbyshire Road	Roxy Pacific	71	Dec-17	Jun-23	49	69%
Coastline Residences	RCR	Amber Road	Sustained Land (83%)/Goodland Group (17%)	144	Dec-17	Jun-23	112	78%
Kent Ridge Hill Residences	RCR	South Buona Vista Road	Oxley Holdings	548	Dec-17	Jun-23	240	44%
1953	RCR	Tessensohn Road	Oxley (100%)	58	Dec-17	Jun-23	27	47%
Parc Clematis	OCR	Jalan Lempeng	SingHaiyi (50%), Haiyi Wealth (50%)	1,468	Jan-18	Jul-23	845	58%
View at Kismis	RCR	Lorong Kismis	Roxy Pacific (60%), Teo Tong Lim (40%)	186	Jan-18	Jul-23	99	53%
Wilshire Residences	CCR	Farrer Road	Roxy Pacific (40%), Teo Tong Lim (45%), Kim Seng Holdings (15%)	85	Jan-18	Jul-23	75	88%
The Essence	OCR	Chong Kuo Road	Lian Soon and OKP Holdings	84	Jan-18	Jul-23	48	57%
Haus on Handy	CCR	Handy Road/Mount Sophia	City Developments	188	Jan-18	Jul-23	155	82%
Whistler Grand	OCR	West Coast Vale	City Developments	716	Jan-18	Jul-23	222	31%
Perfect Ten	CCR	Bukit Timah Road	Japura (Cheung Kong) (100%)	230	Feb-18	Aug-23	230	100%
View at Kismis	RCR	Lorong Kismis	Roxy Pacific (60%), Teo Tong Lim (40%)	186	Feb-18	Aug-23	99	53%
One Pearl Bank	RCR	Pearl Bank	CapitaLand	774	Feb-18	Aug-23	511	66%
The Iveria	CCR	Kim Yam Road	Macly Group	51	Feb-18	Aug-23	38	75%
Klimt Cairnhill	CCR	Cairnhill Road	Low Keng Huat	240	Feb-18	Aug-23	240	100%
KI Residences At Brookvale	OCR	Sunset Way	Hoi Hup (60%), Sunway (30%), S C Wong (10%)	648	Feb-18	Aug-23	648	100%
Piermont Grand	EC	Sumang Walk	City Developments (60%) & TID (40%)	820	Feb-18	Aug-23	309	38%
Hyll On Holland	CCR	Holland Road	FEC Properties	319	Mar-18	Sep-23	319	100%
Forett@Bukit Timah	RCR	Toh Tuck Road	Qingjian Realty (60%)/ Perennial (40%)	633	Mar-18	Sep-23	633	100%
Urban Treasures	OCR	Jalan Eunos	Fragrance Group	237	Mar-18	Sep-23	216	91%
Van Holland	CCR	Holland Road	Koh Brothers	69	Mar-18	Sep-23	55	80%
Jervois Treasures	CCR	Jervois Road	Fragrance Group	36	Mar-18	Sep-23	36	100%
Mountbatten Residences	RCR	Arthur Road	Bukit Sembawang Estates	290	Mar-18	Sep-23	290	100%
The Avenir	CCR	River Valley Close	Guocoland (40%), Hong Leong Investment Holdings (60%)	376	Mar-18	Sep-23	358	95%
One Holland Village Residences	CCR	Holland Road	Far East Organization, Sekisui House JV	559	Mar-18	Sep-23	435	78%
The Atelier	CCR	Makeway Avenue	Bukit Sembawang Estates	120	Mar-18	Sep-23	120	100%
Cairnhill 16	CCR	Cairnhill Rise	Tiong Seng (60%)/ Ocean Sky (40%) (Tsky Development)	39	Apr-18	Oct-23	39	100%
Hyll On Holland	CCR	Holland Road	FEC Properties	319	Apr-18	Oct-23	319	100%
Infini At East Coast	OCR	East Coast Road	Global Dragon Ltd	36	Apr-18	Oct-23	34	94%
Leedon Green	CCR	Farrer Road	Yanlord Land, MCL Land JV (Asia Radiant)	638	Apr-18	Oct-23	596	93%
Sky Everton	RCR	Everton Road	Sustained Land, Ho Lee, Loi Pok Yen	262	Apr-18	Oct-23	55	21%
15 Holland Hill	CCR	Holland Hill	Kheng Leong (Peak Opal)	59	Apr-18	Oct-23	58	98%
Pullman Residences, Newton	CCR	Dunearn Road	EL Development (Evan Lim)	340	Apr-18	Oct-23	333	98%
Avenue South Residence	RCR	Silat Avenue	UOL Group (50%), UIC (30%), Kheng Leong (20%)	1,074	Apr-18	Oct-23	601	56%
Cuscaden Reserve	CCR	Cuscaden Road	SC Global, Far East Consortium, New World Development	192	Apr-18	Oct-23	188	98%
The Antares	RCR	Mattar Road	Hock Lian Seng, Keong Hong and TA Corporation	265	Apr-18	Oct-23	231	87%
Dalvey Haus	CCR	Dalvey Road	KOP (60%)/ Low Keng Huat (40%)	27	May-18	Nov-23	26	96%
Peak Residence	CCR	Thomson Road	Tuan Sing (70%), Rich Capital (30%)	90	May-18	Nov-23	90	100%

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Project	Segment	Location	Developer	Units	Date Secured	5.5 Yrs Deadline	Unsold Units	Unsold %
Chancery Court (EB)	CCR	Dunearn Road	Far East Org	408	May-18	Nov-23	408	100%
The Hyde	CCR	Balmoral Road	Aurum Land (Woh Hup)	117	May-18	Nov-23	101	86%
Chinatown Plaza	RCR	Craig Road	Royal Golden Eagle	153	May-18	Nov-23	153	100%
The Landmark	RCR	Chin Swee Road	ZACD JV	360	May-18	Nov-23	360	100%
Noma	RCR	Guillemard Road	Macly Group	50	May-18	Nov-23	50	100%
Neu at Novena	CCR	Moulmein Rise	Roxy Pacific (associate)	87	May-18	Nov-23	21	24%
Olloi	RCR	Changi Road	K16 Development (shareholders of which are Irawan Gawain and Yang Hui'en)	34	Jun-18	Dec-23	21	62%
21 Royal Oak Residences	CCR	Anderson Road	Far East Consortium	98	Jun-18	Dec-23	98	100%
Park House	CCR	Orchard Boulevard	Shun Tak	88	Jun-18	Dec-23	88	100%
Sengkang Grand Residences	OCR	Sengkang Central	CityDev/ CapitaLand	682	Jun-18	Dec-23	445	65%
Midwood	OCR	Hillview Rise	Hong Leong Group	564	Jul-18	Jan-24	539	96%
Parc Canberra	EC	Canberra Link	Hoi Hup/Sunway	496	Sep-18	Mar-24	143	29%
Dairy Farm Residences	OCR	Dairy Farm Road	United Engineers	460	Sep-18	Mar-24	422	92%
Verdale	RCR	Jalan Jurong Kechil	COHL/China Construction	258	Sep-18	Mar-24	258	100%
Ola	EC	Anchorvale Crescent	Evia/Gamuda	548	Sep-18	Mar-24	372	68%
Parc Central Residences	EC	Tampines Ave 10	Hoi Hup/Sunway	700	Jan-19	Jul-24	700	100%
Kopar at Newton	CCR	Kampong Java Road	Chip Eng Seng	378	Jan-19	Jul-24	294	78%
Pasir Ris Central Mixed GLS	OCR	Pasir Ris Central	Allgreen/Kerry	600	Mar-19	Sep-24	600	100%
Penrose	RCR	Sims Drive	City Developments, Hong Leong	566	Mar-19	Sep-24	566	100%
The M	CCR	Middle Road	Wing Tai	522	Mar-19	Sep-24	138	26%
Clavon	RCR	Clementi Avenue 1	UOL (80%)/UIC (20%)	640	Jul-19	Jan-25	640	100%
Midtown Modern	CCR	Tan Quee Lan Street	Guocoland, Hong Leong, Hong Realty	580	Sep-19	Mar-25	580	100%
one-north Gateway	RCR	one-north Gateway	TID	170	Sep-19	Mar-25	170	100%
Bernam Street	RCR	Bernam Street	Hao Yuan	250	Sep-19	Mar-25	250	100%
Jalan Bunga Rampai	RCR	Jalan Bunga Rampai	Wee Hur	115	Jan-20	Jul-25	115	100%
Irwell Bank Road	CCR	Irwell Bank Road	City Developments	445	Jan-20	Jul-25	445	100%
Canberra Drive (Parcel A)	OCR	Canberra Drive (Parcel A)	JBE Holdings	220	Mar-20	Sep-25	220	100%
Canberra Drive (Parcel B)	OCR	Canberra Drive (Parcel B)	UOL/UIC (80%) / Kheng Leong (20%)	455	Mar-20	Sep-25	455	100%

Source: Company data, URA, J.P. Morgan estimates

Table 29: Additional Buyers' Stamp Duty (ABSD)

% by property count

Property	1st	2nd	3rd
Singaporean	-	12%	15%
PR	5%	15%	15%
Foreigner	20%	20%	20%
Corporate	25%	25%	25%
Developer	30%	30%	30%

Source: MND.

Table 30: Loan to Value (LTV)

% by property count

Property	1st	2nd	3rd
LTV	75%	45%	35%

Source: MND.

Why on the margin we prefer OCR and RCR exposures

While we expect property prices to correct by 10% over the next two years on the margin, we believe OCR and RCR could potentially outperform CCR due to more resilient HDB upgrader/owner occupier demand.

This relative strength arises mainly from rising income levels. These higher household incomes led the government to raise the higher HDB income ceiling by S$2,000 to S$14,000 in 2019, and follows the four-yearly increments in 2011 and 2015. This brings the proportion of households eligible for public housing to 74% of residents, up from 67% at the previous S$12,000 income ceiling. Strong HDB upgrader demand has resulted in underlying demand of **~10k units per annum from residents** (i.e. citizens and permanent residents), which is equivalent to underlying demand for public housing.

Table 31: Income ceiling for public housing rising S$2,000 every four years

S$/month

Income Ceiling	<2010	2011	2015	2019
HDB	8,000	10,000	12,000	14,000
EC	10,000	12,000	14,000	16,000

Source: HDB

Table 32: Household income growing @ 5% p.a.

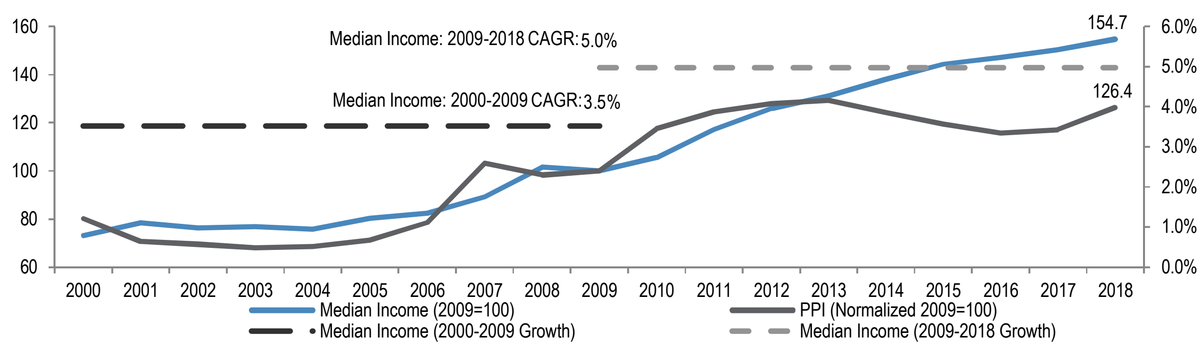
S$/month and percentile of resident employed households

H/hld Income	2006	2010	2014	2018	CAGR
Median	4,952	6,342	8,292	9,293	5.4%
60th %	6,027	7,840	10,108	11,403	5.5%
70th %	7,180	9,310	11,861	13,627	5.5%
80th %	8,809	11,105	14,496	16,213	5.2%

Source: Singstat, J.P. Morgan

Figure 40: Income growth has consistently outpaced property price growth since the 2013 cooling measures

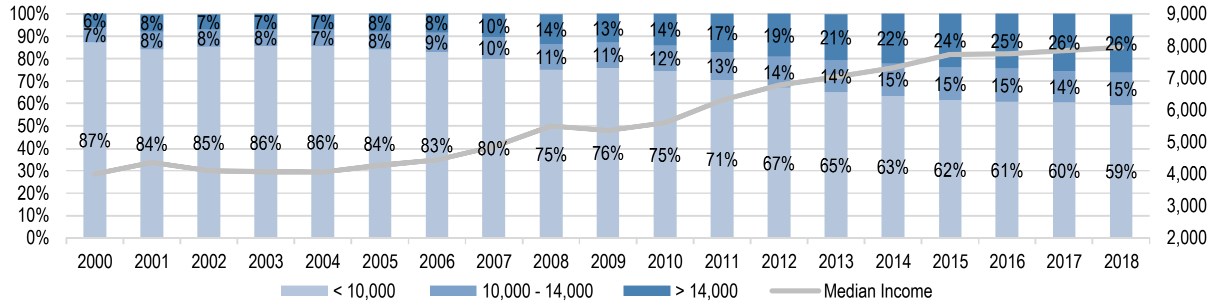
Median income/property price index (2009=100) - LHS/ Median income growth (% YoY)-RHS



Source: SingStat, J.P. Morgan

Figure 41: Median household income has doubled to S$8,000 in 2018 from S$4,000 in 2000, while the proportion of households earning over S$10,000 has more than tripled to 41% in 2018

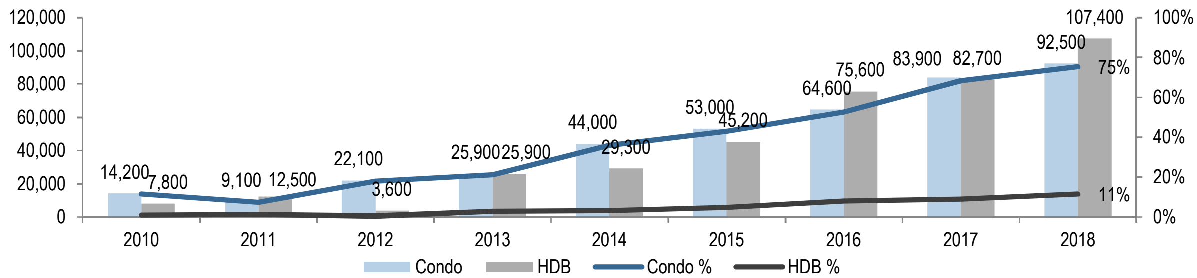
Household income percentile (LHS) / Median household income (RHS)



Source: SingStat, J.P. Morgan.

Figure 42: Absolute demand for private and public housing has been almost similar at 12k p.a. or ~100k units over the past nine years

Change in no. of households staying in HDB and condos (LHS)/ Cumulative % growth from 2010 (RHS)



Source: SingStat, J.P. Morgan.

Developers' current landbank position

CIT has moved to replenish its landbank with an additional ~1,700 units over the last 12 months such as through the redevelopment of Liang Court (700 units) and the purchase of two government land sales (GLS) sites in Sims Drive (566 units) and Irwell Bank Road (445 units). Based on average annual sales of ~900 units p.a., CIT's current landbank of ~4,300 units would be sufficient to last for four to five years, although some sites, such as South Beach Residences and Boulevard 88, do not face time limitations on sales. We see further opportunities for further landbank replenishment via the redevelopment of older CBD commercial buildings such as Fuji Xerox Towers and City House.

UOL's landbank of ~2,100 units would last ~3 years, based on annual sales of ~700 units. UOL has steadily been replenishing its landbank, especially on the back of strong sales at Avenue South Residences. UOL's strategy of targeting predominantly mid-end RCR sites has worked in its favour, with minimal unsold high-end units largely from UIC's portfolio. We expect UOL to continue to be selective on land acquisitions via GLS sites and to also explore the redevelopment of older commercial buildings, such as SGX Centre or Faber House.

Table 33: CIT Landbank

Projects	Units	Unsold	Unsold (%)	Segment
Boulevard 88	154	65	42%	High-End
15, 19 & 21 Swiss Club Road	3	3	100%	High-End
The Jovell	428	318	74%	Mass
Tampines Road/Upper Changi Road North (b)	250	250	100%	Mass
St Regis Residences Singapore	173	12	7%	High-End
The Oceanfront @ Sentosa Cove	264	1	0%	High-End
Cliveden at Grange	110	67	61%	High-End
One Shenton	341	14	4%	High-End
UP@Robertson Quay	70	9	13%	High-End
Echelon	508	2	0%	Mid-End
The Venue Residences	266	1	0%	Mass
Coco Palms	944	6	1%	Mass
South Beach Residences	190	77	41%	High-End
Forest Woods	519	3	1%	Mass
The Tapestry	861	159	18%	Mass
Amber Park	592	400	68%	Mid-End
Whistler Grand	716	260	36%	Mass
Haus on Handy	188	157	84%	High-End
Piermont Grand	820	363	44%	EC
Sengkang Grand Residences	700	465	66%	Mass
Penrose	566	566	100%	Mid-End
Liang Court Redevelopment	700	700	100%	Mid-End
Irwell Bank GLS	445	445	100%	High-End
Total	**9,808**	**4,343**	**44%**	

Source: Company data, URA, J.P. Morgan estimates

Table 34: UOL Landbank

Projects	Units	Unsold	Unsold (%)	Segment
Mon Jervois	109	12	11%	High-End
V on Shenton	510	56	11%	High-End
The Tre Ver	729	80	11%	Mid-End
Amber 45	139	25	18%	Mid-End
Meyerhouse	56	51	91%	Mid-End
Avenue South Residence	1,074	628	58%	Mid-End
Clavon	640	640	100%	Mid-End
Canberra Drive GLS	655	655	100%	Mass
Total	**3,912**	**2,147**	**55%**	

Source: Company data, URA, J.P. Morgan estimates

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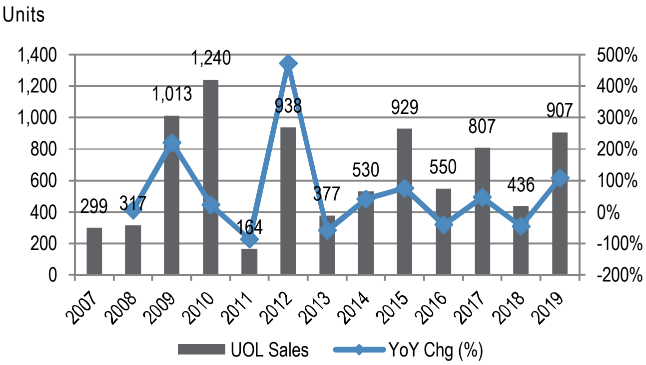
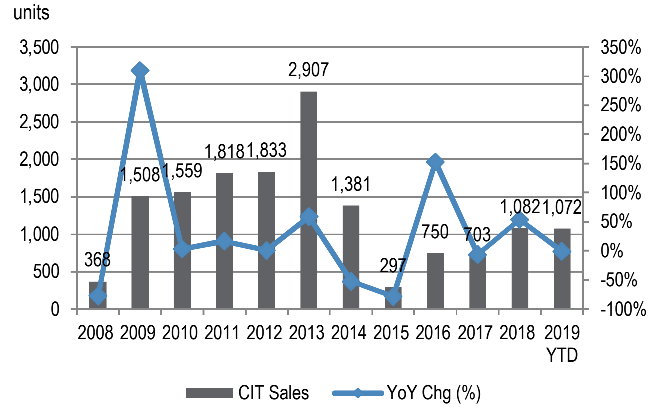
Figure 43: UOL average sales of ~700 units p.a. over past 6 years



Source: URA, J.P. Morgan estimates

Figure 44: CIT average sales of ~900 units p.a. over past 6 years



Source: URA, J.P. Morgan estimates

Near-term drag from hospitality business

Impact from travel restrictions

Beyond the impact of the slowing residential market, the hospitality segment of the developers will be negatively impacted by the various travel restrictions globally. This is likely to result in potential losses in 2020 due to significant declines in RevPAR. Partially offsetting the weakness is the block booking of rooms by the Singaporean government for stay at home/quarantine business as well as Malaysian workers in essential services given the closure of the Malaysian and Singapore border. Furthermore, overseas operations are partially buffered by wage subsidizes by various foreign governments.

Overall, we project earnings for hotel operations to drop into potential losses on 50% falls in 2020 RevPAR. In addition, CIT and FPL's profitability will be negatively impacted by the need to provide fixed rents under the master lease structures for their respective REITs (CDREIT and FHT).

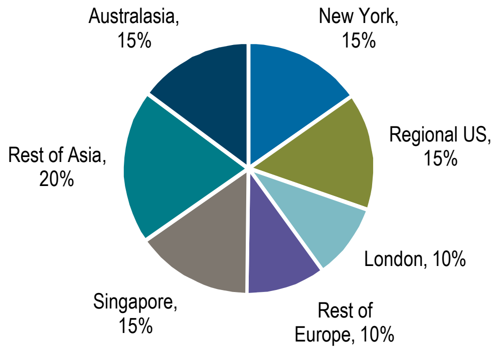
Table 35: Hospitality exposure for developers

Developer	% of FY19 income	% of FY20 income
CIT	9%	-10%
FPL	10%	4%
UOL	22%	-1%

* CIT EBIT, FPL FY19A PBIT, UOL FY19A adjusted EBITDA

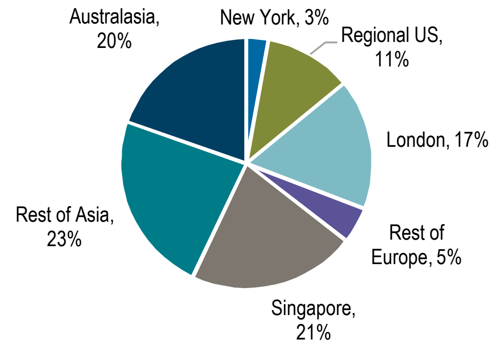
Source: Company reports.

Figure 45: M&C geographic exposure by 1H19 revenue



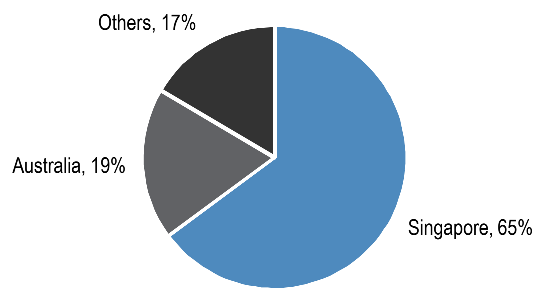
Source: Company reports.

Figure 46: M&C exposure by 1H19 gross operating profit geographic



Source: Company reports.

Figure 47: Breakdown by geography of UOL's hotel business by FY19 adjusted EBITDA



Source: Company reports.

Table 36: Fixed rents under master lease structure for CDREIT and FHT

REIT	Sponsor/Developer	Total fixed rental under master lease agreement (S$m)
CDREIT	CIT	37
FHT	FPL	51

Source: Company reports.

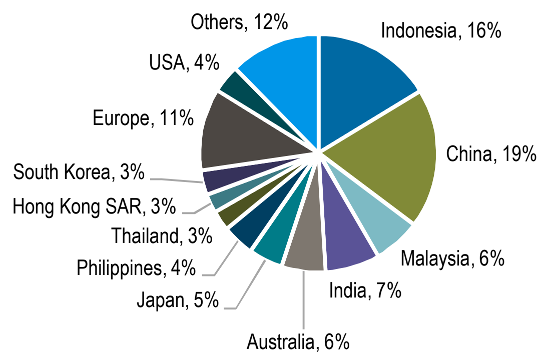
Pace of recovery into 2021 uncertain

Currently, many governments around the world are considering opening up their borders to international arrivals to 'kick start' their economies, but at the same time are concerned about a potential second wave of COVID-19 infections from imported cases. Thus, the exact timing of border reopening, removal of 14-day quarantine periods for visitors and pace of recovery are unclear. Various countries are considering the concept of 'travel bubbles' and 'travel corridors' (link), whereby two countries or a cluster of countries in a region with similar levels of COVID-19 risk allow cross-border travel. Examples include Australia and New Zealand as well as China and South Korea. For Singapore, there are discussions about restarting travel with various countries including Australia, New Zealand, China and Korea.

In the interim, we expect tourism markets with larger domestic markets such as Australia, China and the US to recover first as internal traveling could restart while international borders are closed. In contrast, Singapore, which is more reliant on international visitors, and where CIT, FPL and UOL have large exposure, may take longer to recover as 'staycations' or domestic demand are typically not a large component of hotel demand.

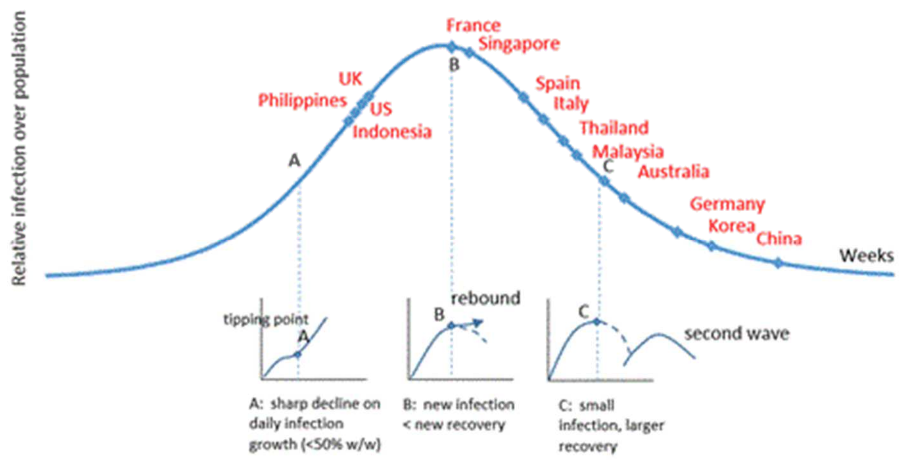
Overall we project a 40-45% bounce in 2021 RevPAR. For the Singapore operations, a recovery in the hotel business is aided by limited new hotel supply over the next three years.

Figure 48: Top source markets for Singapore visitor arrivals in 2019



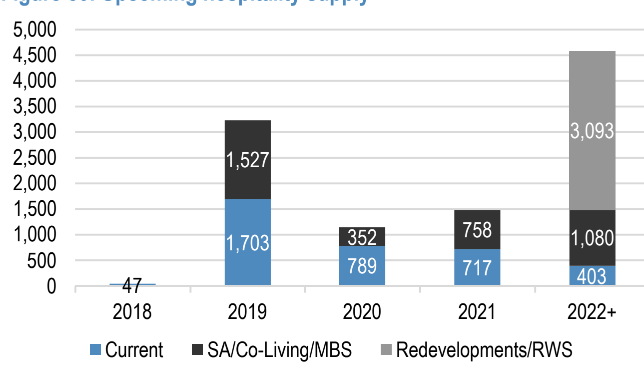
Source: STB.

Figure 49: Conceptual schematic chart – Infection curve stage of development



Source: J.P. Morgan.

Figure 50: Upcoming hospitality supply



Source: STB.

City Developments

Overweight

CTDM.SI,CIT SP
Price (08 Jun 20): S$9.26

▼ **Price Target (Jun-21): S$10.90**
Prior (Dec-20): S$11.35

Singapore
Conglomerates and Property

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	22	31	26	29	29
Growth	66	75	73	73	75
Momentum	35	26	82	12	40
Quality	70	66	80	59	75
Low Vol	56	84	80	75	63
ESGQ	17	18	8	1	1

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

City Developments Ltd *(Overweight; Price Target: S$10.90)*

Investment Thesis

City Developments has a concentrated focus on the Singapore real estate market with total/attributable land bank of ~4,000/3,300 units, the largest among developers. While we expect residential property prices to fall by 10% over next two years and CIT to cut prices as a consequence, we believe this should stimulate demand, which should enable CIT to clear its existing inventory ahead of the five-year deadline before the imposition of additional stamp duties. In addition, we believe the expected decline in profits in 2020 owing to a downturn in the residential and commercial property and global travel restrictions has largely been priced in. A recovery in profitability in 2021, we believe, should act as a re-rating catalyst. Furthermore, we expect further visibility of CIT's restructuring plans for its hotel business, Millennium & Copthorne (M&C) over the coming year, which should help to narrow the discount to its RNAV. These restructuring plans may include refurbishments and renovations, as well as a rebranding of hotels to improve earnings and drive upside to NAV.

While cognizant of CIT's current higher-than-average gearing (50-60% vs its 0.23x average since 2010) we believe this is sustainable given its large investment property portfolio. Adjusted for the fair value of these properties (CIT's uses historical accounting policy) gearing also drops to 40-45%. In addition, we believe gearing should decline over time from: 1) potential asset sales from M&C over the course of its restructuring; and 2) the seeding of commercial assets into new funds from CIT's balance sheet.

Valuation

Our Jun-21 price target of S$10.90 is based on a 25% discount to our RNAV estimate of S$14.50/share. Our price target implies a P/B of 0.94x, which is close to average P/Bk multiple of 1.0x during 2013-2017 downturn where property prices fell c.12% in line with our projected 10% fall in property prices over the next two years.

Average premium/(discount) to RNAV:	-12%
1 s.d. above average prem/(disc) to RNAV:	15%
1 s.d. below average prem/(disc) to RNAV:	-39%
Max prem/(disc) to RNAV:	61%
Min prem/(disc) to RNAV:	-65%

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Key downside risks to our rating and price target include:

- A greater-than-expected jump in unemployment, causing a larger-than-expected fall in property prices and slower-than-expected sales volume.
- Policy risks in the residential segment, largely Singapore, as well as China and London to a certain extent.
- A slower-than-expected recovery in RevPARs for the global hospitality sector on the back of a 'second wave' of COVID-19 cases resulting in delayed opening and/or re-imposition of global travel restrictions.
- Large decline in property values due to the global recession.
- Difficulty in selling assets to reduce gearing post-debt-funded privatization of M&C and the acquisition of a c.50% stake in Sincere Property Group.
- Slower-than-expected turnaround of Sincere Property Group resulting in a negative drag on CIT's earnings

Table 37: RNAV Breakdown

S$m

RNAV Segment	FY20E	FY20 (%)
Residential	**7,196**	**35%**
Singapore	3,608	18%
UK	948	5%
China	1,708	8%
Others	932	5%
Office	**5,699**	**28%**
Singapore	3,586	17%
UK	1,191	6%
Other	922	4%
Retail	**1,872**	**9%**
Singapore	1,568	8%
Others	304	1%
Hospitality	**5,543**	**27%**
Singapore	1,389	7%
US	1,654	8%
UK	1,225	6%
Others	1,276	6%
Fund Management	**83**	**0%**
Gross Asset Value	**20,560**	
Less: Net Debt	-7,100	
Less: Funds Net Debt	-315	
RNAV (S$m)	**13,145**	
Shares (m)	907	
RNAV (S$)	**14.50**	
Premium/(Discount)	-25%	
PT (S$)	**10.90**	

Source: J.P. Morgan estimates

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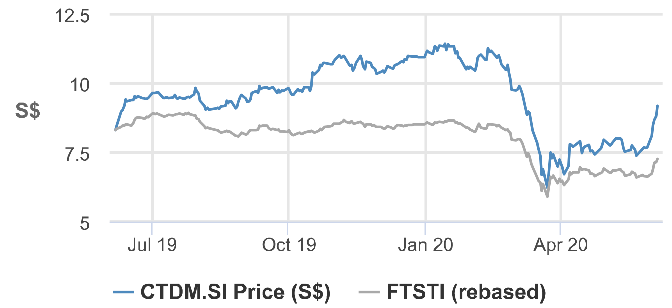
Price Performance



	YTD	1m	3m	12m
Abs	-16.2%	17.5%	-6.4%	4.2%
Rel	-1.6%	10.5%	2.4%	2.6%

Company Data

Shares O/S (mn)	907
52-week range (S$)	11.51-6.11
Market cap ($ mn)	6,026
Exchange rate	1.39
Free float(%)	64.6%
3M - Avg daily vol (mn)	3.35
3M - Avg daily val ($ mn)	18.6
Volatility (90 Day)	55
Index	FTSTI
BBG BUY|HOLD|SELL	16|1|0

Key Metrics (FYE Dec)

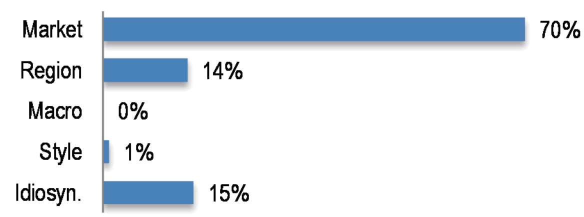
S$ in millions	FY19A	FY20E	FY21E
Financial Estimates			
Revenue	3,429	2,689	3,561
Adj. EBITDA	807	627	947
Adj. EBIT	531	329	644
Adj. net income	392	293	513
Adj. EPS	0.43	0.32	0.57
BBG EPS	0.59	0.53	0.66
Cashflow from operations	836	1,078	1,393
FCFF	696	929	1,140
Margins and Growth			
Revenue growth	(18.8%)	(21.6%)	32.4%
EBITDA margin	23.5%	23.3%	26.6%
EBITDA growth	(32.4%)	(22.3%)	51.1%
EBIT margin	15.5%	12.2%	18.1%
Net margin	11.4%	10.9%	14.4%
Adj. EPS growth	(33.2%)	(25.3%)	75.0%
Ratios			
Adj. tax rate	18.7%	5.8%	20.0%
Interest cover	8.4	6.4	8.4
Net debt/Equity	0.6	0.5	0.5
Net debt/EBITDA	7.9	10.4	6.4
ROCE	2.4%	1.5%	2.4%
ROE	3.8%	2.7%	4.4%
Valuation			
FCFF yield	8.3%	11.1%	13.6%
Dividend yield	2.2%	2.2%	2.2%
EV/EBITDA	18.7	24.4	15.8
Adj. P/E	21.4	28.7	16.4

Summary Investment Thesis and Valuation

We are OW on CIT despite an expected 10% fall in residential prices as we believe the negative headwinds have largely been priced in with CIT trading at 0.8x P/Bk (-1.1 s.d. below mean). In addition, we expect earnings to recover over 2021-22 after profits have been rebased in 2020 and act as a re-rating catalyst. Moreover, we believe price cuts next year should result in an improvement in sales volumes which should allay fears over CIT being able to clear its landbank and avoid ABSD charges, helping narrow the discount to RNAV.

Our Jun-21 PT of S$10.90 is based on a 25% discount to our RNAV estimate of S$14.50/share. Our PT is also pegged close to average P/B of 1.0x during 2013-2017 downturn which experienced a 12% decline in prices which is similar to our expectations of s 10% decline over the next two years.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.89	0.84
Region: Singapore	0.79	0.69
Macro:		
JPM EM Currency(EMCI) Fixing	0.47	0.30
Emerging Central Bank Rate	0.34	0.29
JP Morgan GBI-EM Global Div	0.39	0.27
Quant Styles:		
Quality	0.12	0.18
Growth	0.12	0.16
Momentum	-0.39	-0.09

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg and J.P. Morgan estimates for all other tables.

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City Developments: Summary of Financials

Income Statement	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	**4,223**	**3,429**	**2,689**	**3,561**	**-**
COGS	(2,308)	(1,790)	(867)	(2,165)	-
Gross profit	**1,914**	**1,638**	**1,821**	**1,395**	**-**
SG&A	(529)	(591)	(376)	(409)	-
Adj. EBITDA	**1,194**	**807**	**627**	**947**	**-**
D&A	(219)	(276)	(298)	(303)	-
Adj. EBIT	**975**	**531**	**329**	**644**	**-**
Net Interest	(94)	(96)	(98)	(113)	-
Adj. PBT	**876**	**754**	**1,242**	**721**	**-**
Tax	(215)	(141)	(72)	(144)	-
Minority Interest	(103)	(49)	(47)	(52)	-
Adj. Net Income	**587**	**392**	**293**	**513**	**-**
Reported EPS	0.65	0.43	0.32	0.57	-
Adj. EPS	**0.65**	**0.43**	**0.32**	**0.57**	**-**
DPS	**0.200**	**0.200**	**0.200**	**0.200**	**-**
Payout ratio	30.9%	46.2%	61.9%	35.4%	-
Shares outstanding	907	907	907	907	-

Balance Sheet	FY18A	FY19A	FY20E	FY21E	FY22E
Cash and cash equivalents	2,289	2,798	2,942	3,392	-
Accounts receivable	955	822	822	806	-
Inventories	5,717	5,172	4,649	3,766	-
Other current assets	137	1,042	1,042	1,042	-
Current assets	**9,099**	**9,834**	**9,455**	**9,006**	**-**
PP&E	8,755	9,873	10,012	10,182	-
LT investments	2,620	2,816	4,366	4,732	-
Other non current assets	412	678	678	678	-
Total assets	**20,886**	**23,200**	**24,511**	**24,597**	**-**
Short term borrowings	1,258	2,038	2,038	2,038	-
Payables	1,293	1,199	1,199	890	-
Other short term liabilities	552	540	540	540	-
Current liabilities	**3,104**	**3,777**	**3,777**	**3,468**	**-**
Long-term debt	5,069	7,673	8,003	8,003	-
Other long term liabilities	439	483	483	483	-
Total liabilities	**8,612**	**11,934**	**12,264**	**11,955**	**-**
Shareholders' equity	10,041	10,520	11,454	11,798	-
Minority interests	2,233	746	793	845	-
Total liabilities & equity	**20,886**	**23,200**	**24,511**	**24,597**	**-**
BVPS	**11.07**	**11.60**	**12.63**	**13.01**	**-**
y/y Growth	*5.0%*	*4.8%*	*8.9%*	*3.0%*	-
RNAV/Share	14.50	15.10	14.50	-	-
Net debt/(cash)	4,024	6,351	6,537	6,087	-

Cash Flow Statement	FY18A	FY19A	FY20E	FY21E	FY22E
Cash flow from operating activities	**(600)**	**836**	**1,078**	**1,393**	**-**
o/w Depreciation & amortization	219	276	298	303	-
o/w Changes in working capital	(1,550)	315	524	590	-
Cash flow from investing activities	**(1,729)**	**(1,350)**	**(907)**	**(601)**	**-**
o/w Capital expenditure	(201)	(218)	(241)	(343)	-
as % of sales	*4.8%*	*6.4%*	*9.0%*	*9.6%*	-
Cash flow from financing activities	**898**	**1,149**	**(19)**	**(341)**	**-**
o/w Dividends paid	(285)	(269)	(181)	(181)	-
o/w Shares issued/(repurchased)	0	0	0	0	-
o/w Net debt issued/(repaid)	1,197	2,891	330	0	-
Net change in cash	**(1,437)**	**627**	**152**	**450**	**-**
Adj. Free cash flow to firm	**(730)**	**696**	**929**	**1,140**	**-**
y/y Growth	*(160.9%)*	*(195.4%)*	*33.5%*	*22.7%*	-

Ratio Analysis	FY18A	FY19A	FY20E	FY21E	FY22E
Gross margin	45.3%	47.8%	67.7%	39.2%	-
EBITDA margin	28.3%	23.5%	23.3%	26.6%	-
EBIT margin	23.1%	15.5%	12.2%	18.1%	-
Net profit margin	13.9%	11.4%	10.9%	14.4%	-
ROE	6.0%	3.8%	2.7%	4.4%	-
ROA	2.9%	1.8%	1.2%	2.1%	-
ROCE	4.8%	2.4%	1.5%	2.4%	-
SG&A/Sales	12.5%	17.2%	14.0%	11.5%	-
Net debt/Equity	0.3	0.6	0.5	0.5	-
Net debt/EBITDA	3.4	7.9	10.4	6.4	-
Sales/Assets (x)	0.2	0.2	0.1	0.1	-
Assets/Equity (x)	2.1	2.1	2.2	2.1	2.1
Interest cover (x)	12.7	8.4	6.4	8.4	-
Operating leverage	346.6%	242.4%	176.6%	296.3%	-
Tax rate	24.5%	18.7%	5.8%	20.0%	-
Revenue y/y Growth	10.3%	(18.8%)	(21.6%)	32.4%	-
EBITDA y/y Growth	27.7%	(32.4%)	(22.3%)	51.1%	-
EPS y/y Growth	32.8%	(33.2%)	(25.3%)	75.0%	-

Valuation	FY18A	FY19A	FY20E	FY21E	FY22E
P/E (x)	14.3	21.4	28.7	16.4	-
P/BV (x)	0.8	0.8	0.7	0.7	-
EV/EBITDA (x)	11.9	18.7	24.4	15.8	-
Dividend Yield	2.2%	2.2%	2.2%	2.2%	-

Source: Company reports and J.P. Morgan estimates.
Note: S$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Frasers Property Ltd

▲ **Overweight**
Previous: Neutral

FRPL.SI,FPL SP

Price (08 Jun 20): S$1.37

▼ **Price Target (Jun-21): S$1.60**
Prior (Dec-20): S$1.85

Singapore

Conglomerates and Property

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Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	17	22	19	5	5
Growth	35	96	91	29	70
Momentum	47	84	22	68	22
Quality	73	68	59	66	89
Low Vol	15	52	54	26	82

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

Frasers Property Ltd *(Overweight; Price Target: S$1.60)*

Investment Thesis

Frasers Property is diversifying from its Singapore core, building both a global logistics platform and a recurring income base. FPL's resi landbank is anchored predominantly in Australia and Singapore, with over 80% of total assets contributing to recurring income. FPL's asset management platform includes three Singapore-listed REITs covering the retail, industrial & commercial, and hospitality sectors.

We expect FPL's industrial & commercial portfolio to remain relatively more stable with a greater impact from the COVID-19 pandemic on retail and hospitality, although this is expected to ease with the lifting of lockdowns. While residential recognition progress is expected to slow along with completions, settlements are expected to pick up as growth bottoms out. Key catalysts are an improvement in the asset recycling outlook with medium-term catalysts of recycling of industrial properties (S$0.9bn) and UK business parks (S$1.9bn) into the enlarged Frasers Logistics and Commercial Trust (FLCT) and recycling of the S$3bn PGIM AsiaRetail Fund retail portfolio to Frasers Centrepoint Trust (FCT), which would mitigate near-term concerns of gearing at >1x.

Valuation

Our Jun-21 PT of S$1.60 is based on a 35% discount to our RNAV estimate of S$2.45, which also implies P/B of 0.65x, 1 s.d. below mean P/B of 0.74x.

Risks to Rating and Price Target

Downside risks to our rating and price target include:

- Second wave of COVID-19 prompting further lockdowns and extension of retail/hospitality closures,
- Slower recovery in hospitality and retail prompting deeper rental/RevPAR cuts over an extended timeframe (>2 years),
- Settlement risks for pre-sold developments in Australia,
- Entrance into new geographies outside of its focus/ specialized markets,
- A significant increase in gearing and/ or RoE drag from new acquisitions.

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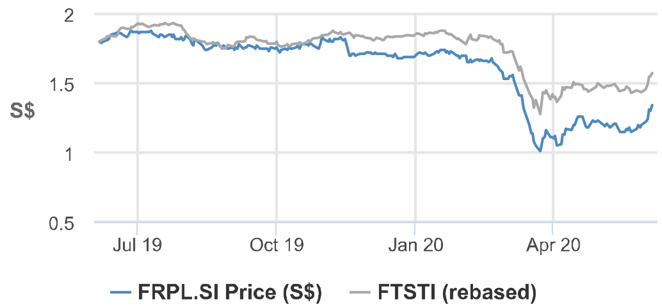
Table 38: FPL's RNAV Breakdown

S$m

	FY20E	FY20 (%)
Residential	**7,315**	**28%**
Singapore	1,308	5%
Australia	3,796	14%
China	609	2%
UK	54	0%
Thailand	1,547	6%
Office	**3,235**	**12%**
Singapore	2,019	8%
Australia	1,055	4%
Vietnam	47	0%
Thailand	114	0%
UK	79	0%
Retail	**5,856**	**22%**
Singapore	5,118	19%
Australia	711	3%
Malaysia	27	0%
Industrial	**6,996**	**27%**
Singapore	124	0%
Australia	2,444	9%
Thailand	1,050	4%
China	114	0%
Germany	1,263	5%
Netherlands	271	1%
Austria	149	1%
UK	1,581	6%
Hospitality	**2,579**	**10%**
Singapore	696	3%
Indonesia	24	0%
Malaysia	33	0%
Thailand	59	0%
China	338	1%
Japan	214	1%
UK	579	2%
Germany	189	1%
Australia	341	1%
Philippines	35	0%
Spain	28	0%
Others	43	0%
Fund Management	**382**	**1%**
Gross Asset Value	**26,362**	**100%**
Less: Net Debt incl. Perps	(17,663)	
Less: AUD Landbank Resi Capex	(1,484)	
Less: AUD Landbank C&I Capex	(1,443)	
Less: CNY/UK Landbank Resi Capex	(62)	
Less: THB Entities' Net Debt	(578)	
Add: REITs' Net Debt	2,010	
RNAV (S$m)	7,142	
Shares (m)	2,945	
RNAV (S$)	**2.45**	
Premium/(Discount)	-35%	
Fair Value (S$)	**1.60**	

Source: J.P. Morgan estimates

Price Performance



	YTD	1m	3m	12m
Abs	-20.7%	12.6%	-14.1%	3.1%
Rel	-6.1%	5.6%	-5.3%	1.5%

Company Data

Shares O/S (mn)	2,926
52-week range (S$)	1.90-1.00
Market cap ($ mn)	2,877
Exchange rate	1.39
Free float(%)	13.2%
3M - Avg daily vol (mn)	0.25
3M - Avg daily val ($ mn)	0.2
Volatility (90 Day)	43
Index	FTSTI
BBG BUY|HOLD|SELL	2|2|2

Key Metrics (FYE Sep)

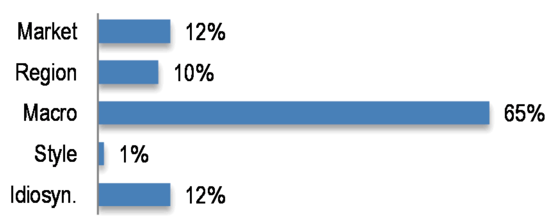
S$ in millions	FY19A	FY20E	FY21E	FY22E
Financial Estimates				
Revenue	3,792	2,726	3,605	3,877
Adj. EBITDA	1,067	1,157	1,368	1,368
Adj. EBIT	1,006	1,092	1,304	1,303
Adj. net income	262	296	317	317
Adj. EPS	0.09	0.10	0.11	0.11
BBG EPS	0.20	0.14	0.13	0.09
Cashflow from operations	1,371	(235)	1,878	1,983
FCFF	1,628	61	2,189	2,311
Margins and Growth				
Revenue growth	(12.2%)	(28.1%)	32.3%	7.5%
EBITDA margin	28.1%	42.4%	38.0%	35.3%
EBITDA growth	(7.5%)	8.5%	18.3%	(0.0%)
EBIT margin	26.5%	40.1%	36.2%	33.6%
Net margin	6.9%	10.9%	8.8%	8.2%
Adj. EPS growth	(34.8%)	13.0%	7.2%	(0.2%)
Ratios				
Adj. tax rate	21.1%	20.0%	19.0%	17.4%
Interest cover	2.9	2.6	3.0	2.9
Net debt/Equity	1.0	1.1	1.1	1.0
Net debt/EBITDA	13.4	14.1	11.2	10.5
ROCE	3.4%	3.4%	4.0%	3.9%
ROE	3.5%	3.9%	4.1%	3.9%
Valuation				
FCFF yield	40.7%	1.5%	54.7%	57.8%
Dividend yield	4.4%	2.9%	2.9%	3.6%
EV/EBITDA	25.1	24.3	19.8	19.1
Adj. P/E	15.3	13.5	12.6	12.6

Summary Investment Thesis and Valuation

FPL's industrial & commercial portfolio is expected to remain relatively more stable with a greater impact from the COVID-19 pandemic on retail and hospitality, although this is expected to ease with the lifting of lockdowns. While residential recognition progress is expected to slow along with completions, settlements are expected to pick up as growth bottoms out. Key catalysts are an improvement in the asset recycling outlook with medium-term catalysts of recycling of industrial properties (S$0.9bn) and UK business parks (S$1.9bn) into the enlarged Frasers Logistics and Commercial Trust (FLCT) and recycling of the S$3bn PGIM AsiaRetail Fund retail portfolio to Frasers Centrepoint Trust (FCT), which would mitigate near-term concerns of gearing at >1x.

Our Jun-21 PT of S$1.60 is based on a 35% discount to our RNAV estimate of S$2.45, which also implies P/B of 0.65x, 1 s.d. below mean P/B of 0.74x.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.84	0.77
Region: Singapore	0.80	0.72
Macro:		
JP Morgan GBI-EM Global Div	0.47	0.33
JP Morgan EMBI Global Spread	-0.42	-0.33
JPM Forecast Revision EM	-0.40	-0.28
Quant Styles:		
Quality	0.12	0.24
Growth	0.15	0.22
Value	-0.03	-0.14

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg and J.P. Morgan estimates for all other tables.

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Frasers Property Ltd: Summary of Financials

Income Statement	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	**4,321**	**3,792**	**2,726**	**3,605**	**3,877**
COGS	(2,845)	(2,345)	(1,415)	(2,013)	(2,263)
Gross profit	**1,476**	**1,447**	**1,311**	**1,592**	**1,614**
SG&A	(382)	(441)	(218)	(288)	(310)
Adj. EBITDA	**1,153**	**1,067**	**1,157**	**1,368**	**1,368**
D&A	(59)	(61)	(64)	(64)	(64)
Adj. EBIT	**1,094**	**1,006**	**1,092**	**1,304**	**1,303**
Net Interest	(300)	(369)	(445)	(457)	(470)
Adj. PBT	**1,527**	**1,353**	**890**	**1,023**	**1,155**
Tax	(341)	(286)	(178)	(195)	(201)
Minority Interest	(436)	(507)	(343)	(411)	(457)
Adj. Net Income	**400**	**262**	**296**	**317**	**317**
Reported EPS	0.14	0.09	0.10	0.11	0.11
Adj. EPS	**0.14**	**0.09**	**0.10**	**0.11**	**0.11**
DPS	**0.086**	**0.060**	**0.040**	**0.040**	**0.050**
Payout ratio	62.6%	66.9%	39.5%	36.8%	46.1%
Shares outstanding	2,911	2,918	2,919	2,919	2,919

Balance Sheet	FY18A	FY19A	FY20E	FY21E	FY22E
Cash and cash equivalents	2,150	3,113	2,272	3,729	5,208
Accounts receivable	382	529	373	494	531
Inventories	4,222	5,168	6,176	5,712	4,971
Other current assets	549	673	673	673	673
Current assets	**7,303**	**9,482**	**9,494**	**10,608**	**11,383**
PP&E	2,116	2,149	2,145	2,141	2,136
LT investments	-	-	-	-	-
Other non current assets	23,143	26,001	26,384	26,438	26,630
Total assets	**32,562**	**37,633**	**38,023**	**39,186**	**40,149**
Short term borrowings	2,643	3,491	4,191	4,191	4,191
Payables	1,513	1,481	1,120	1,481	1,593
Other short term liabilities	637	834	834	834	834
Current liabilities	**4,792**	**5,806**	**6,145**	**6,506**	**6,618**
Long-term debt	12,303	13,905	14,405	14,905	15,405
Other long term liabilities	2,765	3,870	3,170	3,170	3,170
Total liabilities	**19,860**	**23,581**	**23,720**	**24,582**	**25,193**
Shareholders' equity	7,469	7,404	7,656	7,957	8,308
Minority interests	5,233	6,647	6,647	6,647	6,647
Total liabilities & equity	**32,562**	**37,633**	**38,023**	**39,186**	**40,149**
BVPS	**2.56**	**2.54**	**2.62**	**2.73**	**2.85**
y/y Growth	*4.2%*	*(1.1%)*	*3.4%*	*3.9%*	*4.4%*
RNAV/Share	3.60	3.70	2.45	-	-
Net debt/(cash)	12,796	14,283	16,324	15,367	14,388

Cash Flow Statement	FY18A	FY19A	FY20E	FY21E	FY22E
Cash flow from operating activities	**514**	**1,371**	**(235)**	**1,878**	**1,983**
o/w Depreciation & amortization	59	61	64	64	64
o/w Changes in working capital	(384)	417	(1,214)	705	816
Cash flow from investing activities	**(2,010)**	**(1,745)**	**(182)**	**84**	**89**
o/w Capital expenditure	(84)	(35)	(60)	(60)	(60)
as % of sales	*1.9%*	*0.9%*	*2.2%*	*1.7%*	*1.5%*
Cash flow from financing activities	**1,540**	**1,378**	**(425)**	**(505)**	**(592)**
o/w Dividends paid	(603)	(659)	(460)	(527)	(603)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	1,658	1,642	500	500	500
Net change in cash	**(1)**	**958**	**(841)**	**1,457**	**1,479**
Adj. Free cash flow to firm	**664**	**1,628**	**61**	**2,189**	**2,311**
y/y Growth	*(33.3%)*	*145.2%*	*(96.2%)*	*3474.9%*	*5.6%*

Ratio Analysis	FY18A	FY19A	FY20E	FY21E	FY22E
Gross margin	34.2%	38.2%	48.1%	44.2%	41.6%
EBITDA margin	26.7%	28.1%	42.4%	38.0%	35.3%
EBIT margin	25.3%	26.5%	40.1%	36.2%	33.6%
Net profit margin	9.3%	6.9%	10.9%	8.8%	8.2%
ROE	5.5%	3.5%	3.9%	4.1%	3.9%
ROA	1.3%	0.7%	0.8%	0.8%	0.8%
ROCE	4.1%	3.4%	3.4%	4.0%	3.9%
SG&A/Sales	8.8%	11.6%	8.0%	8.0%	8.0%
Net debt/Equity	1.0	1.0	1.1	1.1	1.0
Net debt/EBITDA	11.1	13.4	14.1	11.2	10.5
Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
Assets/Equity (x)	4.1	4.7	5.0	4.9	4.9
Interest cover (x)	3.8	2.9	2.6	3.0	2.9
Operating leverage	304.5%	66.1%	(30.7%)	60.0%	(0.5%)
Tax rate	22.3%	21.1%	20.0%	19.0%	17.4%
Revenue y/y Growth	7.3%	(12.2%)	(28.1%)	32.3%	7.5%
EBITDA y/y Growth	20.9%	(7.5%)	8.5%	18.3%	(0.0%)
EPS y/y Growth	(3.7%)	(34.8%)	13.0%	7.2%	(0.2%)

Valuation	FY18A	FY19A	FY20E	FY21E	FY22E
P/E (x)	10.0	15.3	13.5	12.6	12.6
P/BV (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	20.7	25.1	24.3	19.8	19.1
Dividend Yield	6.3%	4.4%	2.9%	2.9%	3.6%

Source: Company reports and J.P. Morgan estimates.

Note: S$ in millions (except per-share data).Fiscal year ends Sep. o/w - out of which

UOL Group

Overweight

UTOS.SI,UOL SP
Price (08 Jun 20): S$7.48

▼ **Price Target (Jun-21): S$8.45**
Prior (Dec-20): S$8.55

Singapore
Conglomerates and Property

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Bloomberg JPMA TKHI <GO>
J.P. Morgan Securities Singapore Private Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	29	29	31	26	24
Growth	19	24	47	91	8
Momentum	24	33	63	22	12
Quality	75	75	61	68	56
Low Vol	10	63	70	49	75
ESGQ	75	77	87	11	14

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

UOL Group *(Overweight; Price Target: S$8.45)*

Investment Thesis

We believe UOL's resilient office and residential portfolio (~50% of RNAV) will offset near-term COVID-19 headwinds in retail and hospitality. We believe Resi contributions in 2020 will be predominantly from pre-sold Tre Ver (>90%) and Park Eleven (>65%) in China, while strong sales at Avenue South Residence (44%) and Sky Residences in UK (21%) should underpin 2021 earnings. UOL is also leveraging on the hospitality downtime to accelerate AEI works at Parkroyal Collection Marina Bay. Gearing of 30% offers ample opportunities for landbank acquisition, consolidation of further stake in subsidiary UIC and redevelopment of older commercial buildings (e.g. Faber House), in our view.

Valuation

Our Jun-21 price target of S$8.45/share is based on a ~30% discount to our RNAV of S$12.10/share. Our PT implies P/Bk of 0.71x, is in-line with the 7-year average P/Bk post TDSR.

Valuation	
Average prem/(disc) to RNAV	-34%
1 s.d. above average prem/(disc) to RNAV	-21%
1 s.d. below average prem/(disc) to RNAV	-48%
Max prem/(disc) to RNAV	-29%
Min prem/(disc) to RNAV	-54%

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Downside risks to our rating and price target include:

- Second wave of COVID-19 prompting further lockdowns and extension of retail/hospitality closures.
- Slower recovery in hospitality and retail prompting deeper rental/RevPAR cuts over an extended timeframe (>2 years).
- A significant reduction in demand which results in a large decline in sales volumes. As result, developers may incur ABSD on sites where units remain unsold after five years.
- Slowing economic growth results in lower tourist arrivals and lower RevPARs.
- UOL's office assets impacted by slowing office take-up and rental growth.

Table 39: UOL's RNAV Breakdown

S$m

RNAV Segment	S$m	(%)
Residential	**2,203**	**16%**
Singapore (UOL & UIC)	1,703	11%
China (UOL & UIC)	185	3%
UK	315	2%
Office	**4,777**	**33%**
Singapore (UOL & UIC)	4,373	30%
China	35	0%
UK (UOL & UIC)	369	2%
Retail	**2,318**	**15%**
Singapore (UOL & UIC)	2,033	14%
China (UOL & UIC)	108	1%
UK (UOL & UIC)	178	1%
Industrial	**2**	**0%**
Singapore	2	0%
Hospitality	**3,539**	**29%**
Singapore (UOL & UIC)	2,324	19%
China (UOL & UIC)	98	1%
Australia	597	5%
Malaysia	186	1%
Myanmar	50	0%
Indonesia	85	1%
Philippines	1	0%
Vietnam	71	1%
India	2	0%
Canada	3	0%
US	13	0%
UK	108	1%
Others	**990**	**7%**
United Overseas Bank (2.3%)	881	6%
United International Securities	55	
UIC - Others	22	
Haw Par Corporation (1.3%)	31	
Gross Asset Value	**13,830**	
Less: Net Debt	(3,628)	
RNAV (S$m)	**10,202**	
Shares (m)	843	
RNAV (S$)	**12.10**	
Premium/(Discount)	-30%	
TP (S$)	**8.45**	

Source: J.P. Morgan estimates

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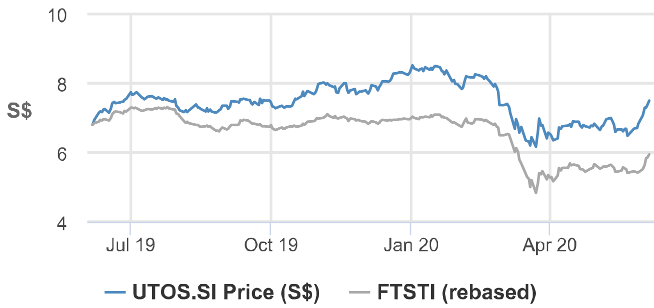
Price Performance



	YTD	1m	3m	12m
Abs	-10.0%	10.8%	2.3%	1.8%
Rel	4.6%	3.8%	11.1%	0.2%

Company Data

Shares O/S (mn)	844
52-week range (S$)	8.58-6.01
Market cap ($ mn)	4,528
Exchange rate	1.39
Free float(%)	63.1%
3M - Avg daily vol (mn)	2.06
3M - Avg daily val ($ mn)	9.9
Volatility (90 Day)	37
Index	FTSTI
BBG BUY|HOLD|SELL	8|2|0

Key Metrics (FYE Dec)

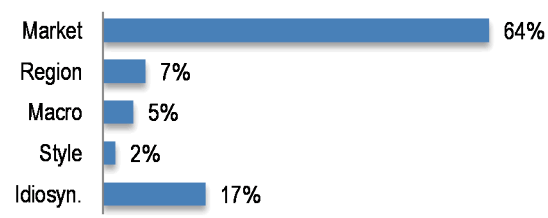
S$ in millions	FY19A	FY20E	FY21E	FY22E
Financial Estimates				
Revenue	2,283	2,336	2,668	3,659
Adj. EBITDA	829	896	971	1,110
Adj. EBIT	638	732	805	943
Adj. net income	230	339	418	535
Adj. EPS	0.27	0.40	0.50	0.63
BBG EPS	0.43	0.41	0.49	0.48
Cashflow from operations	1,044	1,166	1,561	3,365
FCFF	1,134	1,190	1,570	3,343
Margins and Growth				
Revenue growth	(4.8%)	2.3%	14.2%	37.1%
EBITDA margin	36.3%	38.3%	36.4%	30.4%
EBITDA growth	0.5%	8.1%	8.5%	14.3%
EBIT margin	28.0%	31.3%	30.2%	25.8%
Net margin	10.1%	14.5%	15.7%	14.6%
Adj. EPS growth	(38.6%)	46.9%	23.5%	27.8%
Ratios				
Adj. tax rate	13.5%	20.6%	19.0%	19.1%
Interest cover	7.9	8.5	11.4	23.5
Net debt/Equity	0.3	0.2	0.2	NM
Net debt/EBITDA	4.9	4.0	2.5	NM
ROCE	3.8%	4.0%	4.5%	5.3%
ROE	2.3%	3.3%	4.0%	5.0%
Valuation				
FCFF yield	18.0%	18.9%	24.9%	53.0%
Dividend yield	2.3%	2.3%	2.3%	2.3%
EV/EBITDA	17.6	15.9	13.6	9.3
Adj. P/E	27.4	18.6	15.1	11.8

Summary Investment Thesis and Valuation

We believe UOL's resilient office and residential portfolio (~50% of RNAV) will offset near-term COVID-19 headwinds in retail and hospitality. We believe Resi contributions in 2020 will be predominantly from pre-sold Tre Ver (>90%) and Park Eleven (>65%) in China, while strong sales at Avenue South Residence (44%) and Sky Residences in UK (21%) should underpin 2021 earnings. UOL is also leveraging on the hospitality downtime to accelerate AEI works at Parkroyal Collection Marina Bay. Gearing of 30% offers ample opportunities for landbank acquisition, consolidation of further stake in subsidiary UIC and redevelopment of older commercial buildings (e.g. Faber House), in our view.

Our Jun-21 price target of S$8.45 is based on a ~30% discount to our RNAV of S$12.10/sh. Our PT implies P/Bk of 0.71x, is in-line with the 7-year average P/Bk post TDSR.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.85	0.82
Region: Singapore	0.47	0.48
Macro:		
Emerging Central Bank Rate	0.36	0.36
Generic 1st 'CO' Future	-0.33	-0.20
US 10 Year Yield	0.41	0.20
Quant Styles:		
Size	-0.01	0.16
LowVol	-0.24	-0.13
Quality	0.00	0.11

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg and J.P. Morgan estimates for all other tables.

UOL Group: Summary of Financials

Income Statement	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	**2,397**	**2,283**	**2,336**	**2,668**	**3,659**
COGS	(1,366)	(1,238)	(1,285)	(1,496)	(2,208)
Gross profit	**1,032**	**1,046**	**1,051**	**1,172**	**1,450**
SG&A	(216)	(214)	(211)	(241)	(330)
Adj. EBITDA	**825**	**829**	**896**	**971**	**1,110**
D&A	(176)	(191)	(164)	(166)	(168)
Adj. EBIT	**648**	**638**	**732**	**805**	**943**
Net Interest	(79)	(104)	(105)	(85)	(47)
Adj. PBT	**687**	**785**	**633**	**723**	**911**
Tax	(95)	(106)	(130)	(138)	(174)
Minority Interest	(174)	(200)	(164)	(168)	(202)
Adj. Net Income	**375**	**230**	**339**	**418**	**535**
Reported EPS	0.44	0.27	0.40	0.50	0.63
Adj. EPS	**0.44**	**0.27**	**0.40**	**0.50**	**0.63**
DPS	**0.175**	**0.175**	**0.175**	**0.175**	**0.175**
Payout ratio	39.3%	64.0%	43.6%	35.3%	27.6%
Shares outstanding	842	843	843	843	843

Balance Sheet	FY18A	FY19A	FY20E	FY21E	FY22E
Cash and cash equivalents	677	717	689	1,407	3,967
Accounts receivable	576	401	437	499	684
Inventories	3,626	3,305	3,214	2,571	391
Other current assets	57	58	58	58	58
Current assets	**4,937**	**4,481**	**4,398**	**4,535**	**5,100**
PP&E	4,138	4,298	4,195	4,089	3,981
LT investments	-	-	-	-	-
Other non current assets	11,546	11,874	12,262	12,315	12,380
Total assets	**20,620**	**20,654**	**20,854**	**20,938**	**21,462**
Short term borrowings	1,763	1,687	1,687	1,687	1,687
Payables	803	680	1,025	1,171	1,605
Other short term liabilities	188	144	144	144	144
Current liabilities	**2,753**	**2,511**	**2,856**	**3,002**	**3,436**
Long-term debt	2,762	3,130	2,630	2,130	1,630
Other long term liabilities	672	679	679	679	679
Total liabilities	**6,187**	**6,319**	**6,165**	**5,811**	**5,745**
Shareholders' equity	9,621	10,047	10,238	10,509	10,896
Minority interests	4,813	4,287	4,451	4,618	4,821
Total liabilities & equity	**20,620**	**20,654**	**20,854**	**20,938**	**21,462**
BVPS	**11.42**	**11.91**	**12.14**	**12.46**	**12.92**
y/y Growth	*1.7%*	*4.3%*	*1.9%*	*2.6%*	*3.7%*
RNAV/Share	12.35	12.80	12.10	-	-
Net debt/(cash)	3,847	4,100	3,628	2,410	(650)

Cash Flow Statement	FY18A	FY19A	FY20E	FY21E	FY22E
Cash flow from operating activities	**(477)**	**1,044**	**1,166**	**1,561**	**3,365**
o/w Depreciation & amortization	176	191	164	166	168
o/w Changes in working capital	(1,170)	358	401	727	2,429
Cash flow from investing activities	**(285)**	**(199)**	**(435)**	**(96)**	**(70)**
o/w Capital expenditure	0	0	(60)	(60)	(60)
as % of sales	*0.0%*	*0.0%*	*2.6%*	*2.2%*	*1.6%*
Cash flow from financing activities	**624**	**(802)**	**(760)**	**(747)**	**(735)**
o/w Dividends paid	(175)	(190)	(148)	(148)	(148)
o/w Shares issued/(repurchased)	8	5	0	0	0
o/w Net debt issued/(repaid)	783	261	(500)	(500)	(500)
Net change in cash	**(136)**	**44**	**(28)**	**718**	**2,560**
Adj. Free cash flow to firm	**(408)**	**1,134**	**1,190**	**1,570**	**3,343**
y/y Growth	*(142.5%)*	*(377.7%)*	*4.9%*	*31.9%*	*113.0%*

Ratio Analysis	FY18A	FY19A	FY20E	FY21E	FY22E
Gross margin	43.0%	45.8%	45.0%	43.9%	39.6%
EBITDA margin	34.4%	36.3%	38.3%	36.4%	30.4%
EBIT margin	27.0%	28.0%	31.3%	30.2%	25.8%
Net profit margin	15.6%	10.1%	14.5%	15.7%	14.6%
ROE	3.9%	2.3%	3.3%	4.0%	5.0%
ROA	1.9%	1.1%	1.6%	2.0%	2.5%
ROCE	4.1%	3.8%	4.0%	4.5%	5.3%
SG&A/Sales	9.0%	9.4%	9.0%	9.0%	9.0%
Net debt/Equity	0.3	0.3	0.2	0.2	NM
Net debt/EBITDA	4.7	4.9	4.0	2.5	NM
Sales/Assets (x)	0.1	0.1	0.1	0.1	0.2
Assets/Equity (x)	2.1	2.1	2.0	2.0	2.0
Interest cover (x)	10.4	7.9	8.5	11.4	23.5
Operating leverage	427.1%	32.9%	633.5%	70.5%	45.9%
Tax rate	13.8%	13.5%	20.6%	19.0%	19.1%
Revenue y/y Growth	13.4%	(4.8%)	2.3%	14.2%	37.1%
EBITDA y/y Growth	51.7%	0.5%	8.1%	8.5%	14.3%
EPS y/y Growth	(7.4%)	(38.6%)	46.9%	23.5%	27.8%

Valuation	FY18A	FY19A	FY20E	FY21E	FY22E
P/E (x)	16.8	27.4	18.6	15.1	11.8
P/BV (x)	0.7	0.6	0.6	0.6	0.6
EV/EBITDA (x)	18.0	17.6	15.9	13.6	9.3
Dividend Yield	2.3%	2.3%	2.3%	2.3%	2.3%

Source: Company reports and J.P. Morgan estimates.
Note: S$ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

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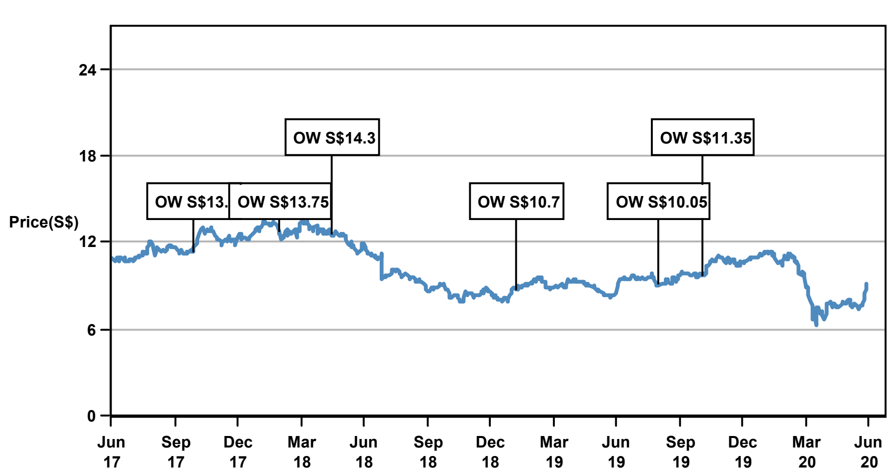
City Developments (CTDM.SI, CIT SP) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Mar 23, 2000. All share prices are as of market close on the previous business day.

Date	Rating	Price (S$)	Price Target (S$)
05-Oct-17	OW	11.42	13.5
07-Feb-18	OW	12.76	13.75
23-Apr-18	OW	12.66	14.3
15-Jan-19	OW	8.71	10.7
08-Aug-19	OW	9.12	10.05
11-Oct-19	OW	9.70	11.35

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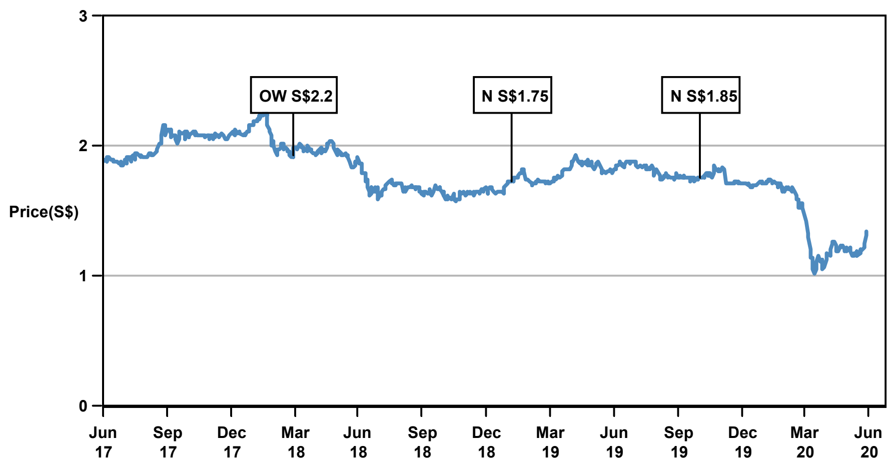
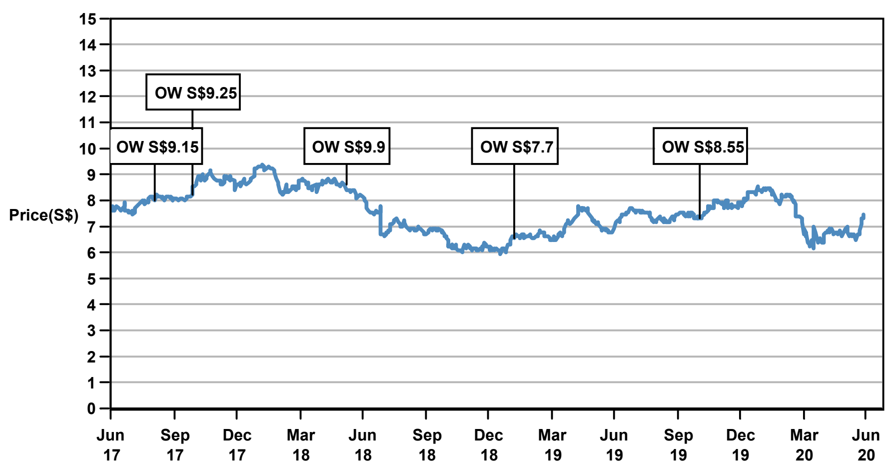
Frasers Property Ltd (FRPL.SI, FPL SP) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Nov 04, 2015. All share prices are as of market close on the previous business day.

Date	Rating	Price (S$)	Price Target (S$)
07-Mar-18	OW	1.92	2.2
15-Jan-19	N	1.72	1.75
11-Oct-19	N	1.75	1.85

UOL Group (UTOS.SI, UOL SP) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Nov 04, 2015. All share prices are as of market close on the previous business day.

Date	Rating	Price (S$)	Price Target (S$)
13-Aug-17	OW	7.98	9.15
06-Oct-17	OW	8.20	9.25
16-May-18	OW	8.60	9.9
15-Jan-19	OW	6.53	7.7
11-Oct-19	OW	7.30	8.55

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

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Khi, Terence M: CapitaLand Mall Trust (CMLT.SI), CapitaLand Retail China Trust (CRCT.SI), Frasers Centrepoint Trust (FCRT.SI), Frasers Property Ltd (FRPL.SI), Keppel DC REIT (KEPE.SI), Mapletree Commercial Trust (MACT.SI), UOL Group (UTOS.SI)

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	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage	46%	40%	14%
IB clients*	52%	49%	37%
JPMS Equity Research Coverage	44%	42%	14%
IB clients*	75%	68%	57%

*Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months. Please note that the percentages might not add to 100% because of rounding.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

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