

Asian Insights SparX

Singapore Property & Banks

Refer to important disclosures at the end of this report

DBS Group Research . Equity

30 July 2020

Into uncharted territory

- Singapore's economic indicators taking a turn for the worst due to unprecedented effects of COVID-19
- Job insecurity to weigh heavily on property market; recent optimism unlikely to sustain
- **Bright spot: Banking system remains sound; lower risk of NPLs spiking to previous highs**

Economy hit hard by prolonged global pandemic. Singapore's economy is expected to post its steepest contraction due to the COVID-19 pandemic. Expected job losses and resident unemployment rate are expected to hit a high of c.98k and 4.2% by end-2020 respectively according to DBS economist. This in our view, will continue to weigh on outlook for the property market and banking sectors, especially with government job support measures ending by 3Q20. Further macroeconomic data points such as potential structural job changes post COVID-19 and future tightening of foreign policies impacting the rental market will be keenly watched.

Property market to decline by 10% until 1H21. Impending market risks may lead to higher job insecurity and weak demand in the property upgrader segment. Recent market optimism will likely be short-lived. Our analysis found that a median household may face mortgage repayment difficulties if one household member is retrenched and remains unemployed. This segment forms 9% (118k) of total households in Singapore. Further risks include; (i) potential downgrade cycle resulting in increased inventory in a declining market, (ii) demand-supply imbalances as home owners prefer bigger units to cater to work-from-home arrangements. Developers may have to tweak home layouts to accommodate these changes in future launches.

Limited impact on banks' mortgages and developers' loans. We expect increasing applications for mortgage deferments with weaker employment outlook into 2H20, as ~7.5% of mortgages outstanding have been deferred currently. We expect limited risk on mortgage loan losses in the current cycle with the average loan-to-value (LTV) of Singapore banks' mortgage loans at ~55-65% as of 1Q20. We expect non-performing loans (NPLs) to rise as deferments/relief measures end, though NPLs are unlikely to spike to Asian Financial Crisis levels. We believe that current mortgage deferments could be extended into 1Q21 on a targeted basis and banks may prefer to restructure loans rather than foreclose. This may exacerbate weak property fundamentals. While we foresee some risks in selected developers' loans with high unsold inventory and looming Additional Buyer Stamp Duty (ABSD) deadlines, banks will likely prefer to tighten credit structures rather than foreclose developers' loans that are under stress.

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STOCKS

	Price S\$	Mkt Cap US\$m	12-mth	Performance (%)		Rating
			Target Price S\$	3 mth	12 mth	
CapitaLand	2.76	10,151	4.50	(7.1)	(24.0)	BUY
Fraser's Property Ltd	1.18	2,514	1.70	(3.3)	(35.2)	BUY
City Developments	8.28	5,466	13.00	6.2	(13.8)	BUY
UOL Group	6.70	4,115	9.50	(0.9)	(10.3)	BUY
UOB	20.02	24,330	20.90	0.7	(25.1)	HOLD
OCBC Bank	8.90	28,541	9.30	0.3	(24.0)	HOLD
DBS	20.40	37,706	NA	6.3	(23.4)	NA

Source: DBS Bank, Bloomberg Finance L.P.

Closing price as of 29 Jul 2020



The DBS Asian Insights SparX report is a deep dive look into thematic angles impacting the longer term investment thesis for a sector, country or the region. We view this as an ongoing conversation rather than a one off treatise on the topic, and invite feedback from our readers, and in particular welcome follow on questions worthy of closer examination.

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Fragile road to recovery

The strong rebound year-to-date (YTD) of the financial markets has boosted hopes of a “V-shaped” recovery post COVID-19. While the economy is expected to turn worst before getting better, we look at the potential pitfalls in the fragile road to recovery, potential data points to monitor and potential impact on the property and banking sectors.

Steepest recession in history. The COVID-19 pandemic is expected to lead to the worst recession in Singapore’s history at an estimated 5.7% contraction in Gross Domestic Product (GDP). This will have an uneven impact across the economy. It is expected to hit the services (hospitality, retail) and construction sectors harder than the manufacturing and information technology (IT) sectors.

Up to c.97,800 job losses; potential multiplier impact. DBS Group Research expects up to 97,800 workers to be displaced during the crisis. While a large proportion of these workers will likely be blue-collar workers in the services & construction

sector hard hit by business closures, we do not rule out the potential multiplier impact on other sectors.

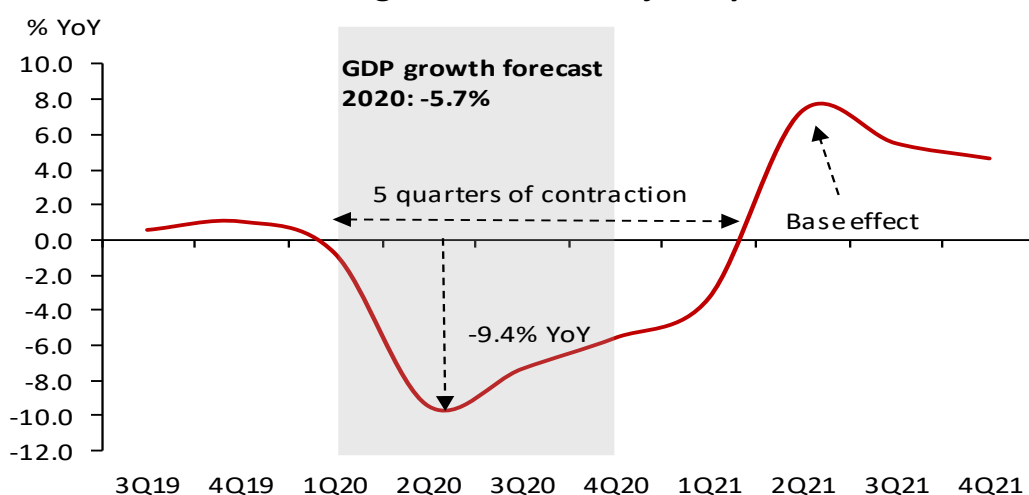
Highest unemployment rate. DBS Group Research projects resident unemployment rate to rise to 4.2% by end-2021 (base case), at similar levels to the Asian Financial Crisis (AFC; 4.7%), Dotcom crash/ Severe Acute Respiratory Syndrome (SARS) period (4.5%-6.2%) and Global Financial Crisis (GFC; 4.9%).

Slower path to recovery. While we are projecting that the recession will likely be the sharpest in 2Q/3Q20, recovery to pre COVID-19 levels will likely be more gradual than previous recessions. The economy is expected to undergo 5 quarters of contraction until 1Q21. DBS Group Research projects real GDP to return to pre COVID-19 levels by end-2021, a 24-month recovery cycle compared to an 18-month cycle during the AFC (1997-1998) and GFC (2007-2008).

An unprecedented recession

Remarks

GDP growth forecast trajectory

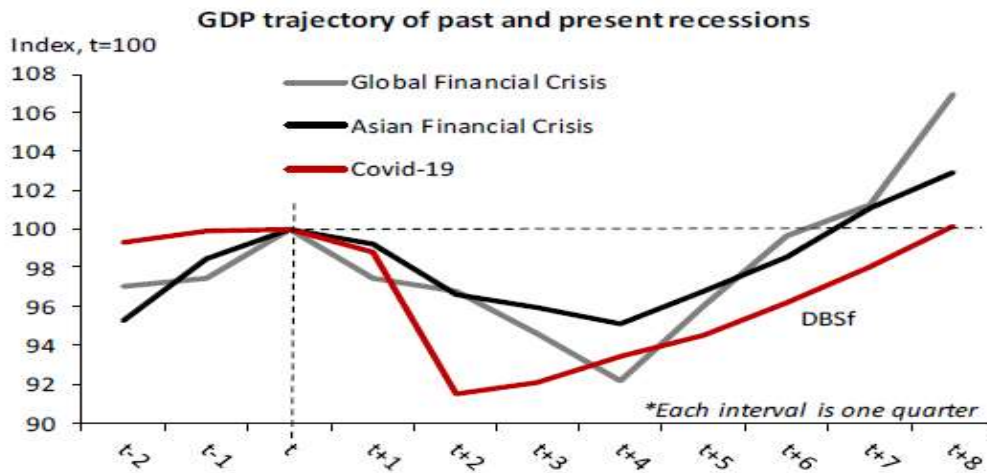


Projecting a 5-quarter contraction. Expected to rebound in 1Q21.

Source DBS Bank

Steepest recession in history

Remarks

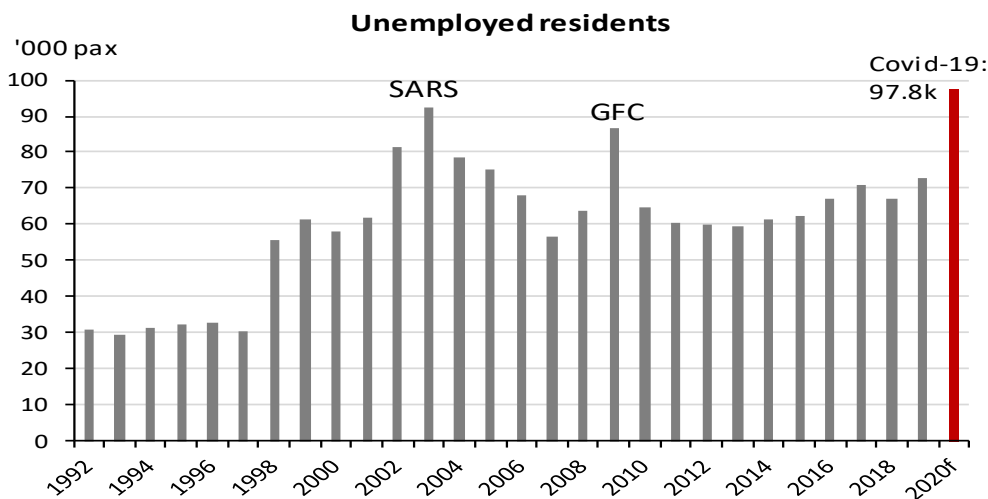


Current recession will be the steepest in Singapore's history.

Source CEIC, DBS Bank

Unemployment: Current vs previous recessions

Remarks



Unemployment to spike to close to 100k residents.

Source MOM, DBS Bank

Singapore’s banking landscape: Weathering the COVID-19 storm

Carefully calibrating mortgage LTVs. We believe that Singapore’s banking sector is in a stronger position during COVID-19 compared to other crises. Over the last two decades, the Monetary Authority of Singapore (MAS) has adopted a careful approach in calibrating mortgage LTVs as a tool for the property market. In 2018, LTV was reduced by 5%-points for all housing loans, alongside changes in ABSD.

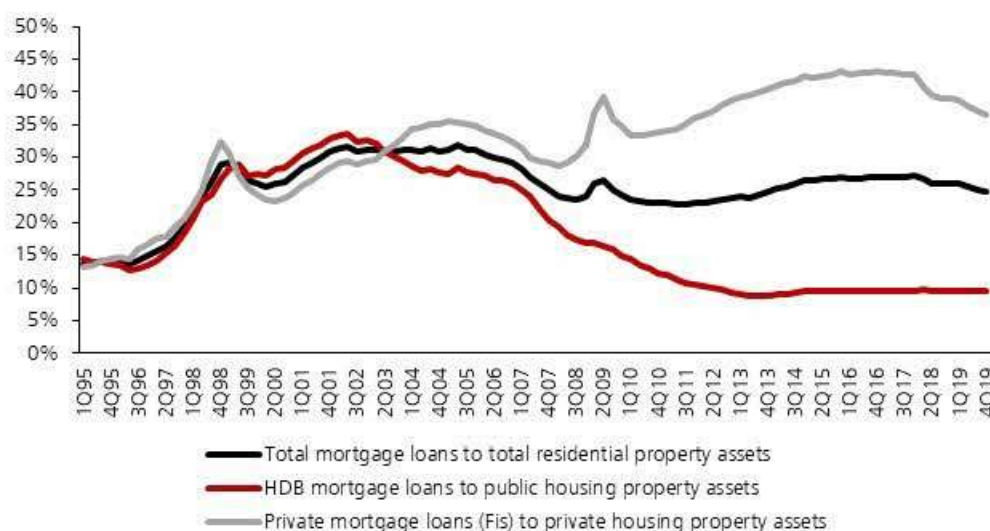
Mortgage LTV has declined from its 2016 peak across all property asset types. Other than the curbs on LTVs, the increase in property prices (~10% increase in Property Price

Index (PPI) since end-2016), as well property cooling measures in 2018 have led to total mortgage loans to housing property assets (%) declining from its peak in 2016 across all property types (refer to chart below).

Based on our estimates, Singapore banks’ mortgage LTV averaged between 55% to 60% in 1Q20. In our opinion, this is a healthy level. According to Singapore’s banks, their mortgage books are largely owner-occupied, assuaging concerns on huge investment property portfolios which are seen as more risky than owner-occupied homes.

Total mortgage loans (Financial Institutions [FIs] and/or Housing & Development Board (HDB)) to housing property assets (%)

Remarks



Total mortgage loans to housing property assets remained at healthy levels since peaking in 2016.

Source: MAS, DBS Bank

Singapore: Property measures

	Measures	Details
Jul-05	Relaxation of LTV limits	- LTV for housing loans raised from 80% to 90%
Feb-10	LTV limits targeted	- LTV reduced to 80% - Loans granted by HDB retained LTV cap of 90%
Aug-10	LTV limits targeted	- LTV reduced to 70% for borrowers with one or more outstanding loans - LTV of 80% for borrowers without outstanding loans - Loans granted by HDB retained LTV cap of 90%
Jan-11	LTV limits targeted	- LTV reduced to 60% for borrowers with one or more outstanding loans; - LTV of 80% for borrowers without outstanding loans - LTV for non-individual borrowers at 50% - Loans granted by HDB retained LTV cap of 90%
Oct-12	Loan tenure, LTV limits targeted	- Residential loan tenure capped at 35 years - For tenures exceeding 30 years or loan periods for borrowers beyond age 65: - LTV reduced to 40% for borrowers with one or more outstanding loans; - LTV of 60% for borrowers without outstanding loans - LTV for non-individual borrowers reduced to 40% from 50%
Jan-13	LTV limits targeted, ABSD introduced	- ABSD rates - LTVs further tightened: 2nd house LTV at 50%, 3rd or subsequent house at 40%; non-individual borrowers at 20% - Minimum cash payment for 2nd or subsequent loans raised to 25%
Jun-13	TDSR introduced	- MAS expects any property loan extended by the FI to not exceed a Total Debt Servicing Ratio (TDSR) threshold of 60%
Jul-18	LTV limits targeted, ABSD raised	- LTV reduced by 5%-points for all housing loans - Loans granted by HDB retained LTV cap of 90% - ABSD raised by 5%-points for all individuals other than Singapore citizens and permanent residents (PRs); raised by 10%-points for all entities - Introduction of new ABSD (5%), non-remittable for developers purchasing residential properties for housing development

Source: MAS, DBS Bank

Singapore Property & Banks

Mortgages account for a significant 20-26% of Singapore banks' loan books. Currently, Singapore's banks have sizeable exposure to the property market. We believe that the bulk of banks' mortgage loans, as well as building and construction loans, pertain to the domestic market. On top of that, lending to real estate investment trusts (REITs) or other private vehicles may be captured under "financial institutions, investment and holding companies". We estimate that approximately 44% to 50% of Singapore banks' loan books are Singapore property-related.

Decline in outstanding mortgage book. Outstanding mortgage book has declined consecutively m-o-m for four months as of

May, totalling S\$200bn despite its first m-o-m increase in January since February 2019. Despite declining 3-month Singapore Interbank Offered Rate (3M-SIBOR) interest rates, a common benchmark used for mortgage loans, mortgage origination has continued to decline sharply since the beginning of 2020.

We believe that the current COVID-19 situation may weigh on potential recovery of the property market. Big-ticket purchases are likely to be deferred amidst the uncertain economic outlook. This will affect both primary and secondary property markets. Continued drawdowns of previous new bookings should provide some buffer for mortgage books.

Singapore banks: Loan profile (4Q19)

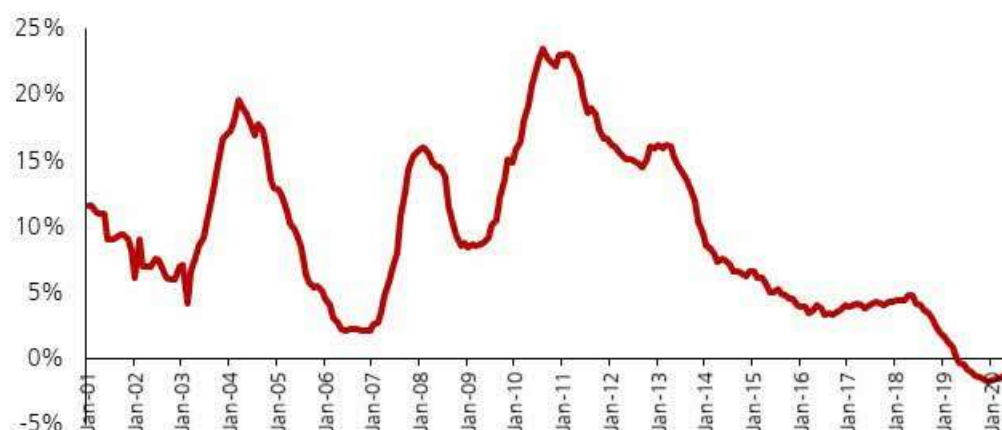
	DBS	% total	OCBC	% total	UOB	% total
Manufacturing	37,635	10%	17,074	6%	19,380	7%
Building & construction (1)	85,144	23%	64,686	24%	66,992	25%
Housing loans (2)	73,606	20%	62,069	23%	68,586	26%
General commerce	45,664	13%	31,823	12%	32,713	12%
Transport, storage & comms	31,574	9%	13,311	5%	11,036	4%
Fls, investment & holdcos	24,660	7%	24,542	9%	26,098	10%
Professionals & private individuals	34,121	9%	30,322	11%	29,458	11%
Others	30,023	8%	20,946	8%	14,414	5%
Total Gross Loans	362,427	100%	264,773	100%	268,677	100%
(1) + (2)		44%		48%		50%

Remarks

Property, building and construction are a significant part of banks' loan portfolios.

Source: MAS, companies, DBS Bank

Singapore: Industry mortgage book growth (y-o-y %)



Remarks

Overall mortgage book has been shrinking.

Source: MAS, DBS Bank

Lower risk of NPLs spiking to previous recession highs

Low mortgages, building and construction NPLs in previous major property price correction. The last major property price correction of c.25% (from peak to trough) coincided with the GFC in 2008 that saw higher vacancy rates amidst an economic slowdown and rising unemployment. In the latter part of 2009, lower interest rates and improving economic conditions led to rapid property market recovery. On the other hand, the less acute correction seen in 2013 was due to a series of cooling measures. The two corrections saw relatively low NPLs for mortgages and building and construction loans, against a low interest rate environment in the last economic cycle.

NPLs went through the roof during AFC. Mortgage NPLs across Singapore’s banks were as high as approximately 4% – 8% during the late 1990s – a combined effect of the preceding exuberance of property prices, increased supply, anti-speculation measures aimed at stabilising the property market, and the AFC which led to the stock market crash. Notably, LTVs then were also higher than today, as the LTV limit of 80% was only introduced in May 1996 as part of anti-speculative measures.

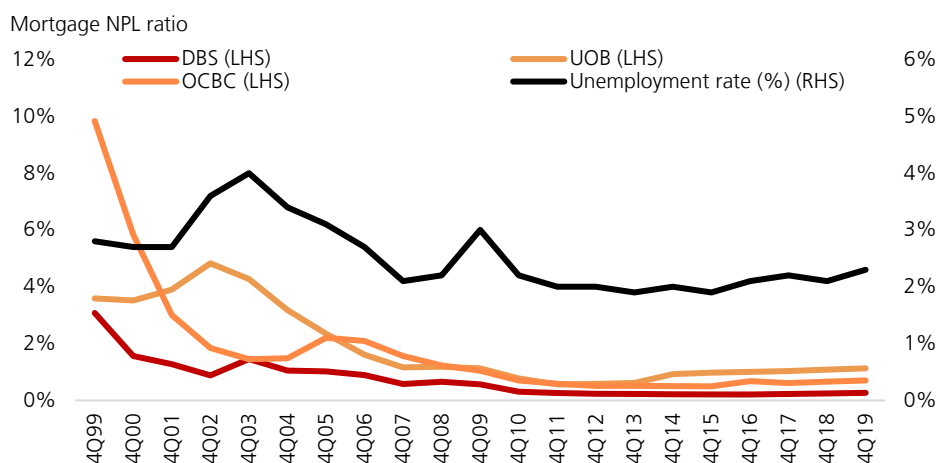
Higher interest rates were likely a key contributing factor. We believe that higher interest rates which resulted in high monthly mortgage repayments, was also a key contributor to the high NPLs. 3M-SIBOR, a key mortgage benchmark rate, peaked at over 7% in 1998.

Some correlation remains between unemployment rate and mortgage NPL ratios. We believe that there is a correlation between unemployment rate and mortgage NPL ratios in general. When unemployment hits, households may experience cashflow issues and may be unable to repay monthly mortgages in time.

Mortgage deferment applications likely to increase with more retrenchments expected, ~7.5% of mortgages outstanding has been deferred. Home owners are allowed the flexibility of either deferring principal payments, or both principal and interest payments up to end-December. This is part of the government’s relief measures during COVID-19. In April, The Business Times surveyed seven major retail banks in Singapore and found that more than 17,000 customers had applied to defer their mortgage payments. As of 10 May 2020, the number of applications increased to 31,300 and nine out of 10 applicants were granted approval.

As of MAS’ annual-report briefing on 16 July 2020, nearly 34,000 mortgage loans are undergoing deferred principal or interest payments, or both, until end-December. We estimate that this translates to c.4-5% of outstanding bank mortgage customers. Accordingly, ~S\$15bn of mortgages deferrals, which is ~7.5% of outstanding mortgages in the system, has been approved. This accounts for nearly 80% of mortgage debt relief applications. We expect more retrenchments into 2H20 with the slow pace of recovery due to the ongoing pandemic and expect the number of applicants to continue rising in the interim.

Singapore banks: Mortgage NPL ratio



Remarks

- NPL ratios have stayed low due to:
- 1) More stringent credit underwriting practices.
 - 2) No property bubble preceding current cycle.
 - 3) Low interest rates environment.

Source: MAS, companies, DBS Bank

Closely monitor unemployment figures; further extension of mortgage deferment possible. We continue to closely monitor unemployment figures going forward. DBS Group Research expects retrenchments to spike to 45,600. Resident unemployment rate could rise to a seasonally adjusted 4.2% from 3.2% as of 4Q19. Overall unemployment rate could rise to 3.6% from 2.3% previously, which may impact mortgage NPLs going forward. If 2H20 employment numbers are lacklustre, we believe that a further extension of mortgage deferment beyond December to March 2021 is likely in our base case. This may help home owners tide through the unprecedented crisis. **We foresee banks preferring to restructure these loans rather than foreclose, especially for owner-occupied units.**

Mortgage loan losses for banks unlikely to be significant given low average LTVs; banks may have to restructure some mortgage loans after deferment period. With average LTVs of Singapore banks' mortgage loans at ~55%-65 as of 1Q20, banks have some loss buffers in place. Assuming that a borrower is unable to repay monthly instalments, if a bank takes over the unit, realised property price must decline >40%-45% before the bank takes a provisioning loss on the mortgage. In our opinion, if mortgage deferments are not extended, banks may look into restructuring of mortgage loans for owner-occupied units. For example, the bank may extend loan tenors instead of applying foreclosure.

In the interim, mortgage NPL ratios are unlikely to spike to AFC levels. We believe that mortgage NPL ratios are unlikely to spike to AFC levels, **though NPLs may rise as mortgage relief measures end**, for the following reasons:

(1) More stringent credit underwriting practices including LTVs, as well as Mortgage Servicing Ratio and Total Debt Servicing Ratio (TDSR) which were introduced in 2013 to standardise banks' debt service calculations and prevent over-leveraging, were implemented prior to COVID-19, (2) AFC was preceded by a property bubble which saw PPI correct ~45% in less than

two years, from its peak in 2Q96 to its trough in 4Q98. A decline of this magnitude is unlikely this time round (3) While interest rates peaked over 7% in 1998, interest rates prior to COVID-19 was at ~2% levels at the start of 2020. Mortgage repayments are considered relatively manageable in a lower interest rate environment. However, we do note that household debt to GDP pre-AFC was ~20-30%, compared to ~50% today.

Limited impact of COVID-19 on loans to developers for now as developers push for sales; keep watch on Normanton Park. We believe that selected projects, especially projects with 300 to 400 units of inventory unsold with 1-year to ABSD, will be under pressure. Developers are likely to give discounts to incentivise sales prior to ABSD implementation to repay outstanding loans to banks. We are monitoring selected projects including Jadescape, Riverfront Residences, Affinity @ Serangoon, Treasure @ Tampines and Normanton Park (financed by UOB) which has been particularly hit with a no-sale licence.

Typically, banks finance development projects at up to 60-70%, and in some cases up to 80%, of the land acquisition cost. Depending on the structure of the development loans, disbursement of next tranche of the development loans after the initial loan for land acquisition may be dependent on; i) progress of construction, ii) sell-through rates and, iii) other conditions. In a worst-case scenario, there may be loan defaults due to; i) poor or no sell-through, ii) if banks are unwilling to provide additional loans and, iii) the developer does not have sufficient equity to inject into the development project.

If this happens, banks typically have legal mortgage over the development and could sell the development project if there are potential buyers. However, it may be difficult to find a buyer for an ongoing development project. Banks may have to continue supporting the developers to achieve breakeven sell-through rate amidst a tight lending structure and to minimise their own credit risks

Land acquisition prices for selected projects

Projects	Launches	Developers	Units in projects	Region	Units sold	Projects sold in 2020 (%)	Sold Overall (%)	Land acquisition price (\$m)*
Jadescape	2019	Qingjian	1,206	OCR	265	22%	69%	855
Riverfront Residences	2018	Oxley	1,472	OCR	1,296	6%	88%	783
Affinity @ Serangoon	2018	Oxley	1,012	OCR	700	9%	70%	694
Treasure @ Tampines	2019	Sim Lian Holdings	2,203	OCR	400	18%	58%	1,329
Normanton Park	n.a.	Kingsford	1,863	OCR	No sale licence			1,344

* includes additional lease top-up and differential premium for intensifying land use

Source: Companies, DBS Bank

Singapore's property market: Dragged by job insecurity

Stay alert on unemployment figures. Rising unemployment in 2020 on potential business closures following the COVID-19 pandemic, coupled with higher overall job insecurity, will be an overhang for Singapore's property market. While the worst GDP contraction is expected in 2Q/3Q2020, historically the labour market tends to lag GDP by 1-2 quarters. This means that the worst quarter could be in 4Q2020 – 1Q2021.

News that Singapore's middle-aged Professionals, Managers, Executives and Technicians (PMETs) are finding it increasing tougher to find quality jobs in the market due to mismatch in skillsets may lead to structural issues.

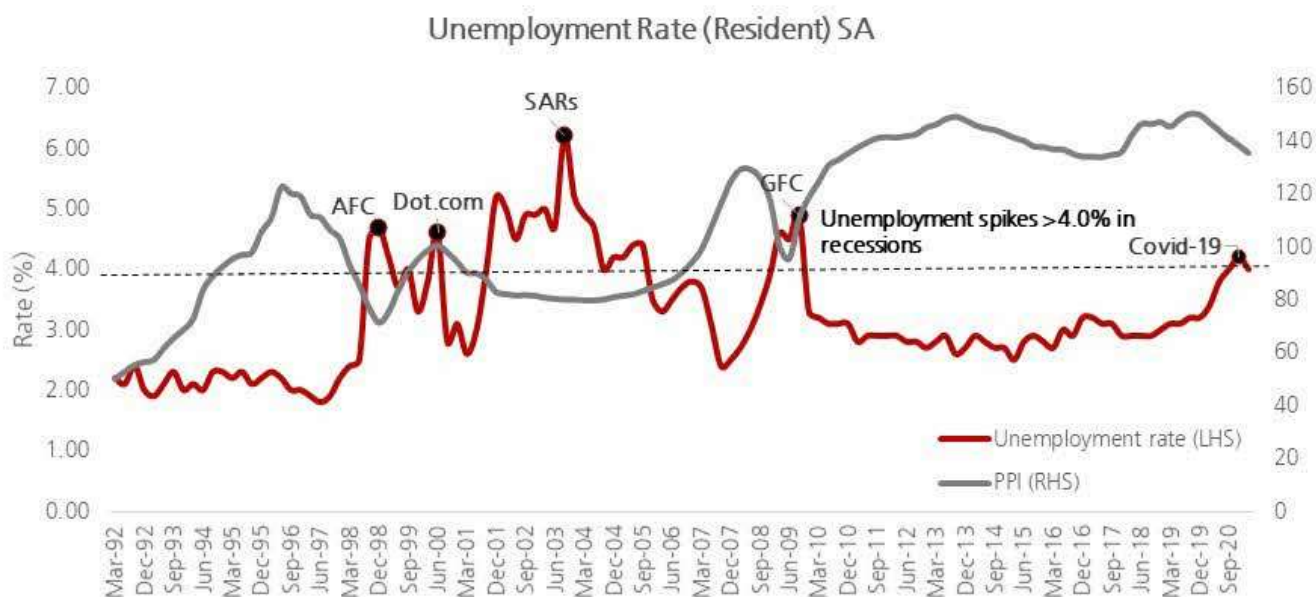
Strong fiscal support through Jobs Support Scheme. In the previous recessions, we observe that low wage workers were more affected by job losses compared to the PMETs. There was quick economic recovery post GFC and PMETs were less affected. COVID-19 has led to the government announcing strong fiscal support through the Jobs Support Scheme (JSS) to incentivise employers to retain employees. The scheme paid 75% of total wages in April and May on the first S\$4,600 of a worker's gross monthly pay, and at least 25% for a further seven months, depending on the sector.

Government schemes are ending in October; will there be an extension? The government has been focusing on employment support for Singaporeans through several schemes, including retraining workers for the new economy. Most of these incentives will be ending in October if companies can sustain operations or rationalise costs post COVID-19.

Rising unemployment in Singapore (especially among PMETs) is an important indicator that we monitor closely. This group of workers will most likely own or upgrade to private properties. If they lose their purchasing power, with median prices in the primary residential market at S\$1.5m-S\$1.6m (c. 8.0x - 9.0 times of 80th percentile income), transaction volumes could be dragged in 2020 – 2021.

Retrenchments starting to spike. We note that retrenchment numbers are starting to rise within the aviation, retail and services sectors (hospitality and restaurants). Recently, Genting Singapore announced that the group will be rationalising its staff by 20% or about 2000 staff.

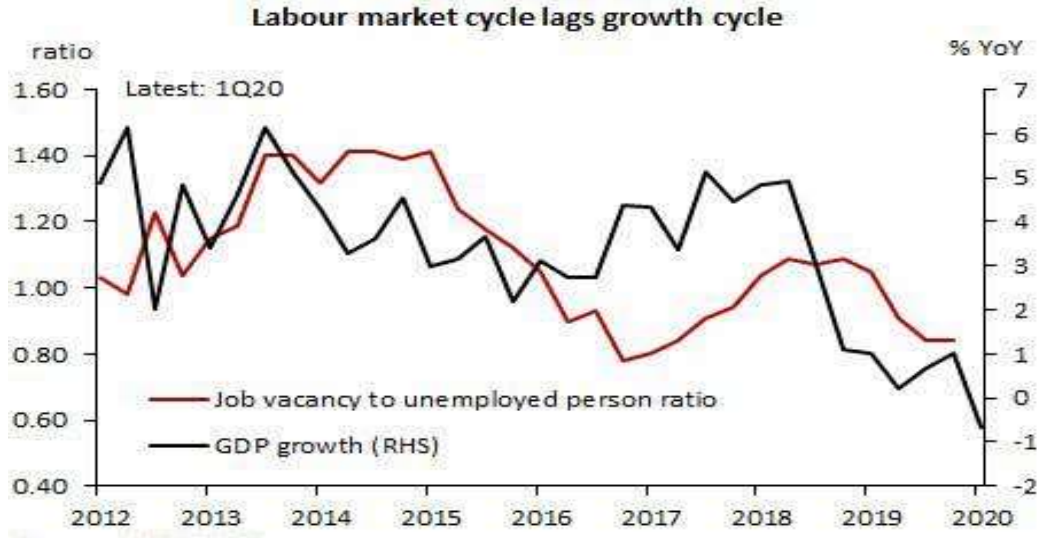
Unemployment rate vs Singapore's property market during recessions



Source: MOM, CEIC, URA, DBS Bank

Labour market tends to lag GDP growth

Remarks



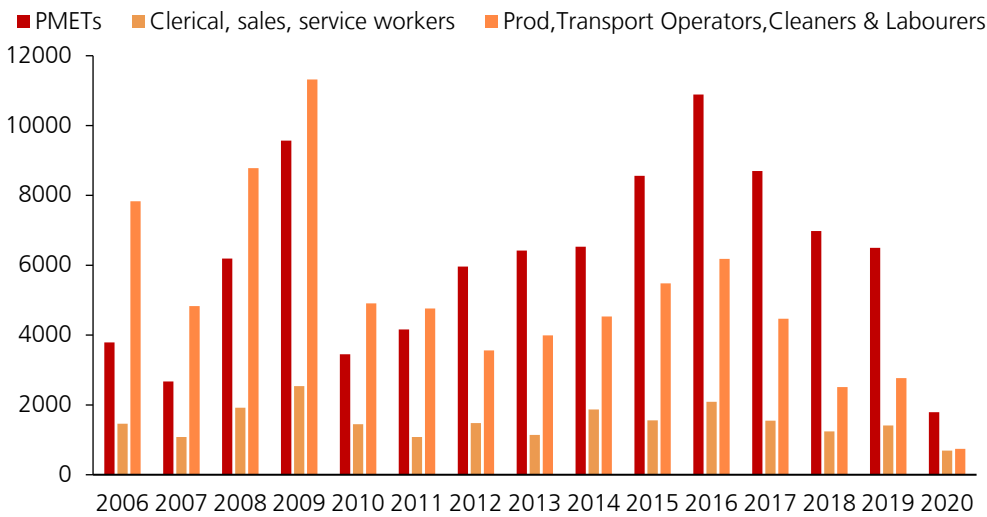
Labour market tends to lag the GDP growth cycle. We estimate that unemployment rate may hike up to 4.2% by the end of 2020.

Job vacancy to unemployed person ratio will likely remain below 1.0x, implying that jobs may remain difficult to get.

Source: MOM, CEIC

Retrenchments are starting to spike

Retrenchment by occupation



1Q

Source: MOM, CEIC, DBS Bank

Confidence amongst upgraders may be hurt in the near term.

Typically, upgraders have been a key source in primary sales for the private property market. Supported by proceeds from the sale of their first public HDB homes, these households may choose to upgrade to a private property and a bigger home due to factors such as growing families or aspirational reasons. This group represents a big source of demand for new private homes. In our analysis, the number of HDB flats achieving the minimum occupation period (MOP) is estimated to increase to 17,000-19,000 per annum over the next 10 years.

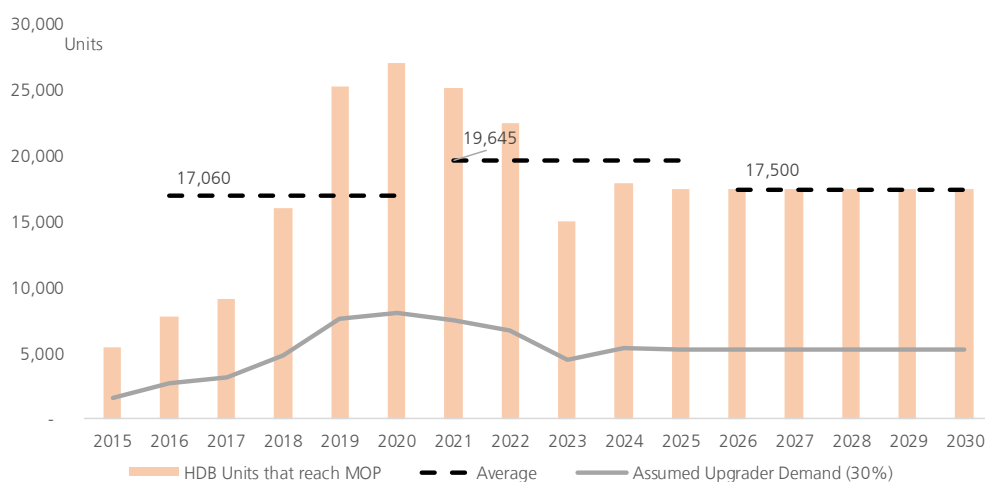
While there is a significant number of households that may upgrade to the private market due to low mortgage rates, economic and job uncertainties will most likely weigh heavily on their minds. Consequently, these households may delay their upgrades.

Question marks on ability to service loan repayments. While mortgage rates are heading towards new lows, the prospects of job losses will be disastrous among households that have mortgages. If the job market remains weak, this may lead to forced sales in a weak market, resulting in a downward spiral of prices.

Due to the COVID-19 pandemic, Singapore government has intervened with additional relief measures such as the mortgage moratorium, allowing households to delay their mortgage payments from April to the end of 2020. As of 16 July 2020, nearly 34,000 households had applied to defer their bank mortgage payments or an estimated c.4-5% of households with bank mortgages, implying some financial stress in the system. Going forward, we expect mortgage deferments to continue rising.

Number of HDB units that will achieve 5-year minimum occupation period (MOP)

Remarks



Households eligible for upgrades will spike to 17,000-19,000 annually from 2018 onwards.

In the medium term, from 2024-2030 we assume 17,500 units per annum based on the annual run rate of HDB units launched for sale from 2018 onwards.

Source: DOS, MND, URA, DBS Bank

Outlook for Singapore households

Resident household formation slowed down in recent years.

According to Singstat, as of 2019, there were 1.37m resident households in Singapore. Resident households have seen a +2.0% compound annual growth rate (CAGR) increase since 2000, increasing to +2.2% CAGR in the last five years, coupled with increasing formation of single-person households and decreasing average household size due to low fertility rate. The average household size was 3.16 as of 2019 (1990: 4.25).

Median income improved significantly since 2000 but has slowed.

The median household income has risen +4.1% CAGR since 2000, from S\$4,398 in 2000 to S\$9,425 in 2019. In comparison, median income has risen +3.2% CAGR since 2000 for an individual employed resident. Excluding employer Central Provident Fund (CPF) contribution, this translates into gross monthly income of S\$8,056 per household. In the last five years, median income rose by a slower +1.7% CAGR.

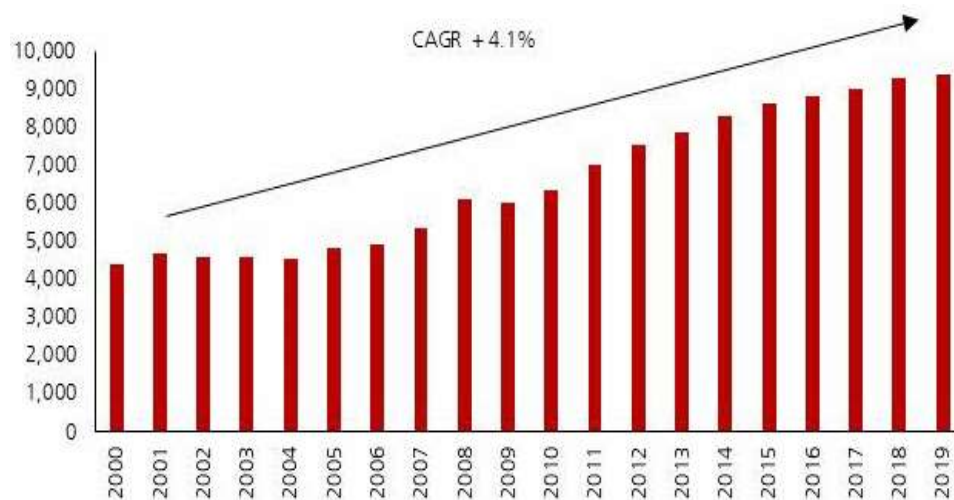
~50% of households earn >S\$8,000 today. In 2019, 49.8% of resident employed households earn above S\$8,000 (including employer CPF contribution). This compares to 19.8% of households in 2000, as income levels have continued to grow alongside economic growth. We believe that income at around these levels may lead to demand among upgraders in the private residential homes segment.

Households are key target market but vulnerable to job losses.

In the last five years, the percentage of households earning above S\$8,000 have somewhat stagnated, though absolute number of households continued to increase. New household formation which averaged ~22k households in the last five years will continue to drive upgrader demand going forward. However, COVID-19 may delay the timing of their potential purchases.

~63k households earning between S\$8,000 to S\$9,000 and ~56k households in the S\$9,000 to S\$10,000 band represent ~9% of total households. These households may be at risk if either spouse loses jobs and wages.

Resident employed household income (median)



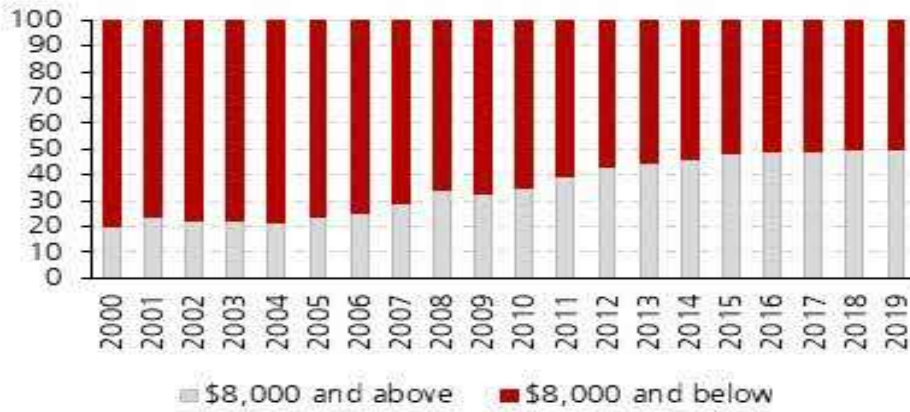
Remarks

Household income grew by 4.1% CAGR since 2000 but has slowed down over the past 5 years to 1.7% CAGR.

Source: Singstat, DBS Bank

Resident employed household income (% breakdown)

Remarks

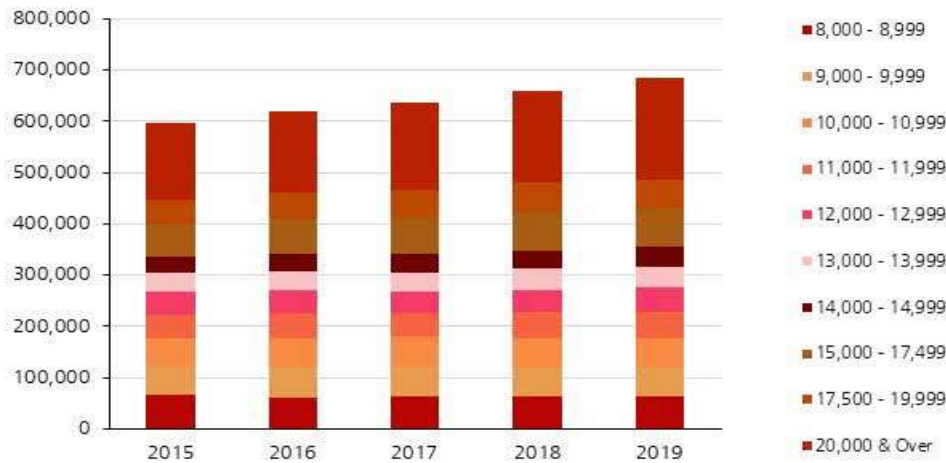


Proportion of Singaporean households with income of S\$8k and more has increased exponentially over the years but has been relative stagnant over the past few years.

Source: Singstat, DBS Bank

Resident employed household income (breakdown by numbers)

Remarks



In the past 5 years, household income within S\$8k – 10k has stayed relatively flattish.

Source: Singstat, DBS Bank

Are homes affordable for the masses?

Price-to-income ratio inching within historical range. In measuring home affordability, we look at the price-to-income ratio of Singapore median household income and 80th income percentile, compared against the median transacted quantum of a private property in Singapore. The average transacted quantum has increased by c.3.0% per annum since 2009, while the median household income has increased by c.4.5% over the same period, keeping pace with or lagging behind the increase in home prices. Over time, this has reduced the average house price-to-income ratio.

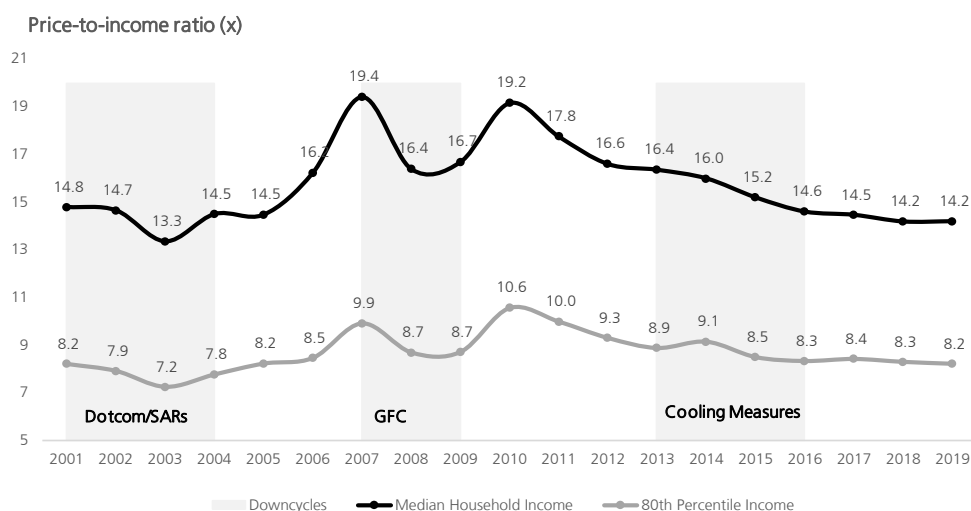
From a price-to-income ratio perspective, the median household and 80th percentile ranged between 14.0x-19.0x and 7.0x-10.0x respectively over the past 20 years. Prior to the PPI crash in previous crises, price-to-income ratio peaked at 14.8x – 19.4x (for 80th percentile) and 14.8x – 19.4x (median household) before falling to around 7.2x - 8.7x (for 80th percentile) and 13.3x – 16.4x (median household).

As of end-2019, price-to-come ratio was 14.2x (median household) to 8.2x (80th percentile), which is not excessive when compared against its own historical range. However, if unemployment hikes and stays high for a prolonged period, it will be detrimental to the property market in the medium term.

Sustainable property market should be accompanied by income growth. In 2018 -2020, an upward re-pricing of home prices is sustainable only if it is supported by increased average household incomes which will keep price-to-income ratio within range. This will prevent home prices from getting out of reach of the average Singaporeans.

That said, we remain alert for any possible implications on overall employment in Singapore, especially employability of local PMETs given the ongoing restructuring of Singapore’s economy. There is uncertainty about the ability of attracting quality jobs to uplift the overall salaries of Singaporeans.

Price-to-income ratio (median household & 80th percentile)



Remarks

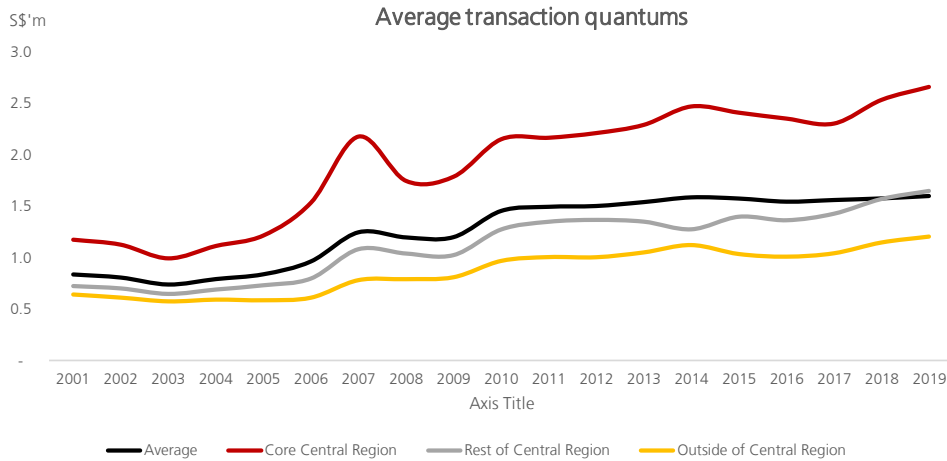
Singapore’s price-to-household income ratio has remained stable over the past few years with prudent measures implemented to prevent a run on asset prices.

	Median Household		80 th Percentile	
	Peak	Trough	Peak	Trough
Dotcom/SARS	14.8	13.3	8.2	7.2
GFC	19.4	16.4	9.9	8.7
Cooling measures	19.2	14.6	9.1	8.3

Source: URA, DBS Bank

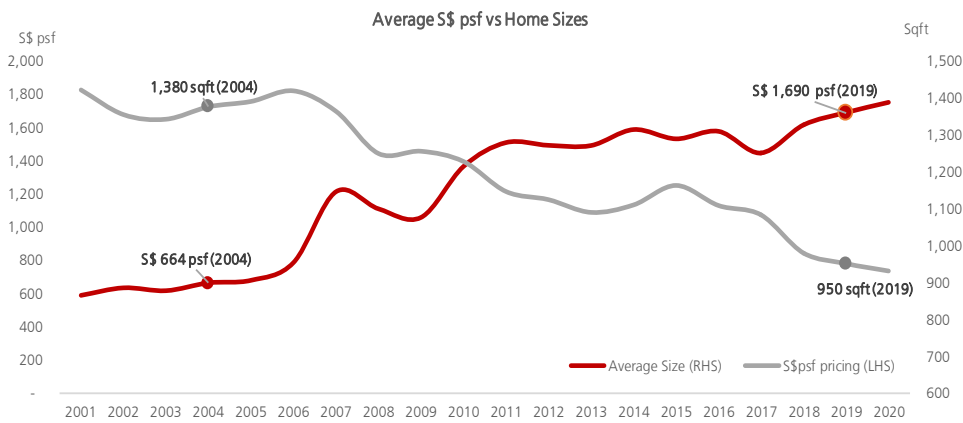
Average price of homes in Singapore

Remarks



While the rise in overall transaction quantum has kept pace with income growth over the past 10 years (average asset price increase of 3% vs 4.5% household income growth), this has been offset by developers building smaller homes while average S\$ per square foot (psf) prices have been increasing steadily.

Average S\$ psf and home size trends



Source: URA, DBS Bank

Hefty down-payment requirements for home buyers have kept them in the “quantum game”. Limited by financing and high cash down-payment especially for investment properties, property buyers and investors have continued to focus on total quantum affordability in their purchasing decisions. In the past 2 years, average unit size has declined to 70 per square metre (psm) levels (750 sqft) for new sales, while per square foot pricing (S\$ psf) has been inching higher towards the S\$1,650 psf level (vs S\$1,530 psf in 2018).

Based on our analysis, given current ABSD and applicable mortgage limits, prospective Singaporean buyers will need to fork out at least 28% in cash and/or from their CPF for their first property purchases in the private market. Assuming a 1,000 sqft executive condominium (EC) worth S\$1.2m, a buyer would have to fork out close to c.S\$330k in cash. This

risks to close to S\$483k for a private property worth S\$1.75m (first home). For an investor (2nd property or 3rd property purchases), the upfront cash portion increases to 70% to 83% of the value of the home, implying that the current property measures are restrictive for investors.

As such, we believe that most prospective buyers will likely look to sell their homes to contain upfront costs when purchasing new homes. Foreigners have to fork out a hefty 48% of the value of their homes upfront in cash, which implies that these buyers are likely to be affluent.

Currently, MAS has not indicated any policy relaxation. However, if prices drop lower than expected, there may be policy moves to negate further falls in property prices.

Scenarios of different cash outlays for various types of property buyers

	HDB	EC	Private Property (Singapore Citizen)	Private Property 2 (Singapore Citizen)	Private Property 3 (Singapore Citizen)	Private Property (Foreign Citizen)
House Value	400,000	1,200,000	1,750,000	1,750,000	1,750,000	1,750,000
Maximum LTV	360,000	900,000	1,312,500	787,500	612,500	1,312,500
Down Payment	40,000	300,000	437,500	962,500	1,137,500	437,500
Stamp Duties (including ABSD)	6,600	30,600	46,200	256,200	308,700	396,200
Total Cash Outlay	46,600	330,600	483,700	1,218,700	1,446,200	833,700
Monthly Mortgage Payment	1,441	3,327	4,851	2,911	2,264	4,851
Minimum Monthly Salary	5,389	13,471	9,823	13,979	17,521	9,823
Cash outlay / Value of house	12%	28%	28%	70%	83%	48%
Loan-To-Value (LTV)	90%	75%	75%	45%	35%	75%
Assumed Interest Rate	2%	2%	2%	2%	2%	2%
TDSR/MSR	30%	30%	60%	60%	60%	60%

Source: DBS Bank

Will buyers prefer bigger homes post COVID-19?

Demand for bigger homes post pandemic? Buyers' preferences post COVID-19 will likely change, especially with more flexible working arrangements for most companies going forward. With work-from-home a rising trend in the long term, we believe that most home owners may prefer bigger units if it is financially feasible.

Government policy that limits the average size of residential units to 85sqm (100 sqm in selected areas) for homes outside the Core Central Region (CCR) is supportive of such a trend. This will set a new expansionary trend for new homes going forward. The average home size is expected to be at least 20% larger. Buyers may be constrained by the "quantum value" of homes with more projects hitting the market from 2020 onwards subject to the new ruling. Consequently, buyers (especially genuine upgraders) are likely to adopt a "wait-and-see" attitude before committing to new home purchases or consider alternatives in the secondary market.

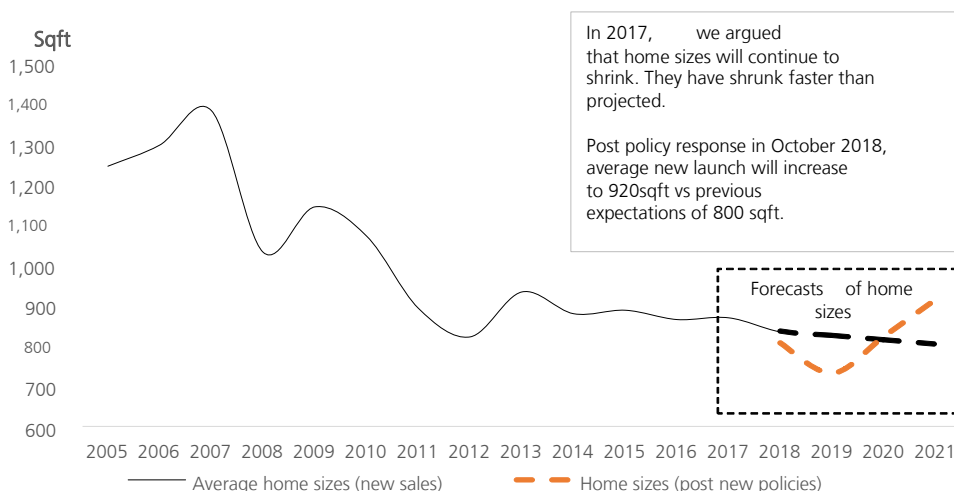
Tighter foreign labour policies. DBS economists believe that Singapore may recalibrate its foreign labour policies to reflect public sentiment during the previous general election. This may have a negative impact on rental demand or potential purchases and lead to downward pressure on property prices in the medium term.

Developers may need to reconfigure layouts; potential risk of more unsold smaller sized units. With work-from-home arrangements one of the new trends in the workspace environment, prospective home buyers may prefer larger homes (especially one with a study area) due to lifestyle changes. While most buyers are constrained by high property prices, developers may consider changing their unit layouts, especially projects that are at planning stages.

Potentially tighter foreign labour restrictions may result in weaker rental demand and lead to more smaller-sized residential units remaining unsold in the longer term. Typically, these units will come from the en bloc cycle in 2016-2018. Developers that acquired land at high prices in the 2016-2018 cycle may be caught in a bind, especially when target prices and total unit quantum are higher. With the economic uncertainty and overhang, we believe that sales momentum will likely remain slow and tepid in the current environment.

Start of a downgrade cycle? Income growth could be curbed in the near term due to possible salary freezes or job losses. A possible scenario is that private home owners may decide to move to more affordable HDB units due to financial constraints. These may result in an increase in secondary market units which may pressure property prices in the medium term.

Home sizes may increase



Remarks

We originally projected home sizes to decline to 800 sqft but in 2018-2019 the drop was steeper to 700 sqft.

With new measures requiring developers to build bigger homes from 2019 onwards, average home sizes may increase to around 900 sqft.

Source: URA, DBS Bank

Case scenario: Newly-wed home buyers

Based on Singstat's data, in 2019 the gross monthly salary of a median employed resident household was ~S\$8,056 (S\$4,028 on average, assuming a dual-income household). This corroborates the 2019 estimated income of an average fresh graduate in 2010 (average income of S\$2,800, based on employment surveys), assuming median salary increment as per the Ministry of Manpower's data for employed resident individuals. For the purpose of our analysis, we assume that the individual employed resident of a household earned a gross salary of S\$4,070 in 2019 (household income: S\$8,140).

Average salary assumptions

	Assumed starting salary	Median salary increment
2010	\$2,800	5.5%
2011	\$2,982	6.5%
2012	\$3,114	4.4%
2013	\$3,344	7.4%
2014	\$3,423	2.4%
2015	\$3,528	3.0%
2016	\$3,658	3.7%
2017	\$3,780	3.3%
2018	\$3,925	3.8%
2019	\$4,070	3.7%

Source: DBS Bank

In our case scenario analysis, this household may afford to take out a loan for S\$1.15m property.... For a more realistic representation, we also assume that this household is servicing an existing car loan (quantum = S\$70k over 7 years, at prevailing interest rate of 2.78% p.a. which translates into S\$996 monthly repayment per household). Taking a car loan into account, S\$865k would be the maximum loan attainable for the household. This means that a property priced at S\$1.15m would be the maximum quantum that is affordable.

...subject to a down-payment of S\$289k, which is attainable for this household. Assuming cash savings of 30% for this household per month (average cash return of 1%), at the end of 2019 this household would have cash savings of S\$209k alongside CPF Ordinary Account (OA) (housing) of S\$215k, which is sufficient to cover the down-payment required for a maximum property price of S\$1.15m.

Scenario 1: A median household with S\$8,140 gross monthly income

House purchase:

Maximum loan quantum, 30 years	\$865,839
Maximum property price	\$1,154,452
Down-payment (25%)	\$288,613

Affordability	Individual	Household
Monthly gross income	\$4,070	\$8,140
Monthly cash take home	\$3,256	\$6,512
Monthly CPF OA (housing) contribution (23% of income)	\$936	\$1,872
Monthly instalment @ 1.8% cost; 30 years	\$1,557	\$3,114
Monthly cash instalment (deduct full CPF)	\$621	\$1,242
% Mortgage as % of gross income	38.3%	38.3%
% Cash instalment % of gross income	19.1%	19.1%

Household savings after 10 years	Individual	Household
Cash savings rate @ 30% of monthly income	\$104,552	\$209,105
CPF Ordinary Account	\$107,643	\$215,287

Source: DBS Bank

Implications of job losses on households

However, this household may be under financial stress if a spouse's wages are at risk. According to a recent household expenditure survey in 2018, on average a household spends about S\$4,700 – S\$4,900 a month which is close to half of its take-home pay. Spending on necessities comprising food, food services, transport and other items may range between S\$2,000 to S\$2,500.

If either spouse loses his/her job, the S\$3,114 monthly mortgage may not be sustainable for the household spouse who is working. The mortgage would require cash payment

of S\$2,178 per month, which is 67% of the other spouse's take-home cash salary, leaving \$1,309 for monthly household expenditures which may be insufficient.

This household will need to depend on reserves and savings for mortgage payments. According to Singstat, 63k households that earn between S\$8,000 to S\$9,000 and ~56k households in the S\$9,000 to S\$10,000 band, representing ~9% of total households, may be at risk if either spouse loses his/her job.

Household expenditure survey (2018)

	07/08	12/13	17/18
Average Monthly Household Expenditure by Type of Goods and Services (\$)			
Food and Food Serving Services ⁵	949	1,188	1,199
Food and Non-Alcoholic Beverages	357	424	389
Food Serving Services ⁵	592	764	810
Clothing and Footwear	143	156	123
Housing and Related Expenditure	545	687	708
Housing and Utilities	359	424	426
Furnishings, Household Equipment and Routine Household Maintenance	187	263	282
Health	218	261	323
Transport	700	811	781
Communication	210	217	240
Recreation and Culture	383	399	379
Educational Services	235	310	339
Accommodation Services	33	40	70
Others ⁶	393	656	744
Total¹	3,809	4,724	4,906

Remarks

Overall average household expenditure is S\$4,906 / month, up almost 30% since 2008. Most of the increase was due to food, transport and housing related expenditure.

We estimate that spending on necessities averaged S\$2,000 – S\$2,500 as of 2018.

Source: Singstat, DBS Bank

What household income levels are sufficient to mitigate unemployed spouses? Based on our analysis, a household that earns between S\$11,000 to S\$11,999 monthly (including employer CPF contribution) would have more financial strength to mitigate unemployment of a spouse. This group represents the ~65th percentile of the population. For our analysis, we assume that a household has gross income of S\$4,914 for each spouse (dual income family), translating to ~S\$11,500 monthly income including employer CPF contribution.

This particular household has S\$7,008 cash salary per month. If a spouse is unemployed, the S\$3,114 monthly mortgage instalment requires cash payment of S\$1,984, which is 50% of the remaining spouse's take-home cash. This leaves ~\$1,947 per month for household expenditure which is still a reasonable amount based on the 2018 household expenditure survey.

There are risks in stretching out mortgage and loan payments; watch out for ~9% of total households comprising sandwiched middle-income class. In our scenario, a dual income household may still be able to meet mortgage payments if both spouses are employed. However, there are risks involved in stretching out mortgage and loan payments, especially if either spouse becomes unemployed.

We believe the households in the S\$8,000 to S\$10,000 monthly household income band (including employer CPF contribution), which translates to S\$6,837 to S\$8,547 gross monthly household income, are more at risk if a spouse is unemployed.

Scenario 2: 60th percentile household with S\$9,829 gross monthly income

Affordability	Individual	Household
Monthly gross income	\$4,914	\$9,828
Monthly cash take-home	\$3,931	\$7,862
Monthly CPF OA (housing) contribution (23% of income)	\$1,130	\$2,260
Monthly instalment @ 1.8% cost; 30 years	\$1,557	\$3,114
Monthly cash instalment (deducting full CPF)	\$427	\$854
% Mortgage as % of gross income	31.68%	31.68%
% Cash instalment % of gross income	8.69%	8.69%

Source: DBS Bank

Property market correction likely

Base case property correction of up to 5%-10% in current cycle. Previous economic recessions tended to coincide with PPI declining -20% to -45% from peak-to-trough. However, we believe that in 2020 the property market is entering a recession with less market bubble. Prior to the recession-led property market corrections during AFC, Dotcom bubble and GFC, property markets rose by 16%- 25% (over 1 year) and 13% to 34% (over 2 years) respectively.

In contrast to previous market corrections, the rise in PPI in the 1-2 years preceding the end of 2019 was more modest at 2% and 5% due to prudent macro measures. We do not foresee a repeat of the declines in previous recessions. Instead, a more gradual weakening of between 5% to 10% is expected over the next 2 years.

Potential downside risk if unemployment figures spike higher than expected. Higher unemployment rates may lead to a vicious downcycle in the property market. There is a multitude

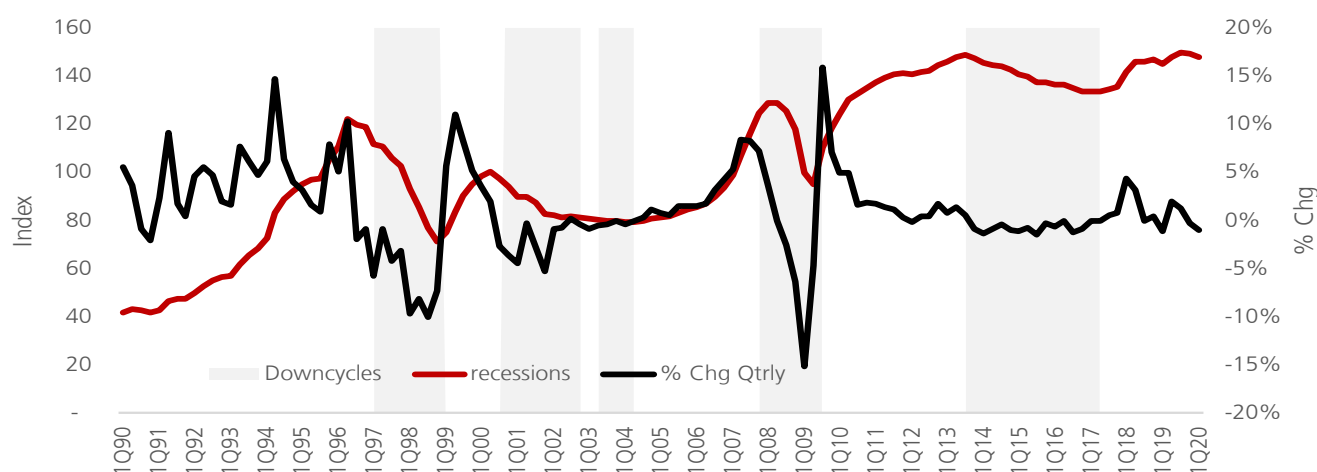
of potential impact on the property market. Purchasing sentiment among home buyers or upgraders may be dampened. The difficulty of selling existing homes will also weaken the finances of prospective home buyers.

Our assumption of weakness in the property market is largely driven by; i) cautious sentiment, ii) soft economic outlook and, iii) risk of unemployment rate rising to c.5% levels. If the weakness is prolonged, there will be further downside risk for the affordability of homes, especially if household income falls.

With government support measures such as the JSS ending in October, returning business activities close to pre-COVID-19 levels will be key. Potential labour rationalisation will be a key data point to monitor to prevent a further slide in property prices.

Singapore's property market entering 2020 recession with less market bubble

The Property Price Index (PPI)



	1 –year prior	2- year prior	PPI drop	Unemployment rate
AFC	16%	34%	-45.0%	4.7%
Dotcom	18%	13%	-20.0%	6.2%
GFC	25%	31%	-24.9%	4.9%
COVID-19*	2%	5%	-5.0%	4.2%

*COVID-19 figures are based on our forecasts

Source: URA, DBS Bank

Strong sales transaction volumes in 1H2020 may not be sustainable. We believe that strong sales in May and June may not reflect the true health of the Singapore property market. While overall sales volume YTD June was c.10% lower y-o-y at 7,800 units, primary sales volume was c.10% higher at 4,400 units in 1H2020. At roughly c. 800 units monthly, sales momentum beat our earlier expectations.

This is despite slow sales during the COVID-19 circuit breaker months of April-May when property show-flats were shut and developers had to sell homes online. Top selling projects in 2020 have mainly been new phases of previous launches. The best-selling new launch in 2020 so far is The M, a project in the CCR by Wingtai which has sold 72% of its total units. Other projects with strong sell-through rates are ECs.

While these strong sales may provide some cheer in the near term, it could be short-lived. We expect 2H2020 sales momentum to slow down as unemployment outlook deteriorates in upcoming quarters.

Developer cashflow may be constrained in the near term.

Despite the phase 2 reopening of the economy, most developers are faced with construction delays for ongoing projects. Most workers in the construction industry are migrants. Many are still being tested for COVID-19 and under quarantine. With safe distancing practices implemented at worksites, delays in completions may range between 6 to 12

months. With slower pre-sales and ongoing costs incurred for projects under development, developers' cashflows may be constrained in the near term.

More launches in the pipeline in 2020 and beyond. Developers launched close to c.4,900 units in 1H20 to ride on the strong momentum in 2019.

As of June, there were c.41,000 units in with sales licenses in the pipeline, out of which 40% have been sold and 24,000 units to be launched. Another 11,000 units are under construction and planning pending sales licenses. These units will be added to supply over time. As of 1Q20, we estimate that c.35% of the upcoming supply will be from the Rest of Central Region (RCR) followed by 35% from Outside Central Region (OCR), followed by 30% in the CCR.

ABSD deadline in 2021. We are still roughly two years away before the ABSD deadline for a number of residential projects (especially en bloc projects). This could be a concern for the industry in the medium term. With close to 65% of the total pipeline supply of c.55k units under construction still unsold (31% have yet to receive sales permits), the clock is ticking for developers. Based on previous property cycles, a developer with significant unsold units close to the ABSD deadline tend to be a little more flexible with pricing to clear the remaining units. This is to avoid being subjected to hefty ABSD which may have a negative impact on margins.

Top performing projects in 2020

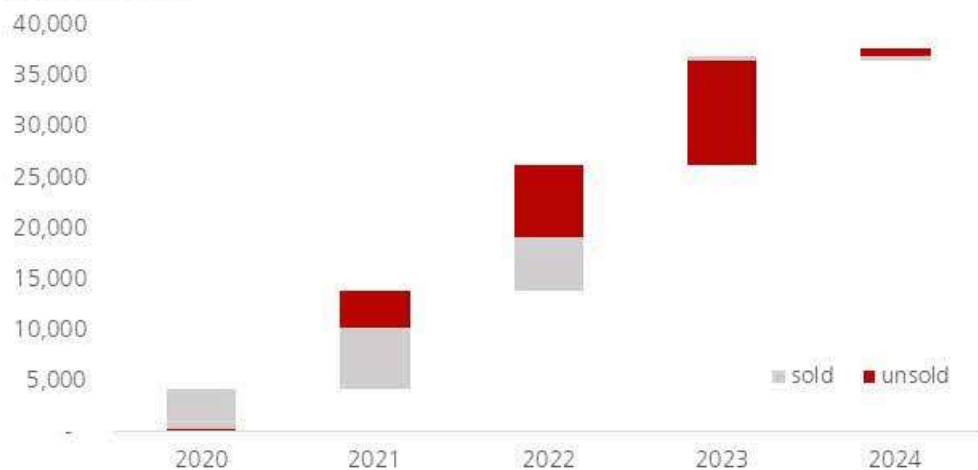
Project	Launched	Develop	Units in project	Region	Units sold	% projects sold 2020	% sold overall
Treasure at Tampines	2019	Sim Lian Holdings	2,203	OCR	400	18%	58%
The M	2020	Wingtai	522	CCR	374	72%	72%
Parc Canberra (EC)	2020	Hoi Hup	496	OCR	364	73%	73%
Parc Esta	2019	MCL Land	1,399	OCR	295	21%	92%
Jadescape	2019	Qingjian	1206	OCR	265	22%	69%
Parc Clematis	2020	Singhaiyi	1468	OCR	246	17%	51%
The Florence Residences	2019	Logan	1,410	OCR	206	15%	53%
Ola (EC)	2020	Evia RE	548	OCR	179	33%	33%
Stirling Residences	2018	Logan / Nanshan	1,259	OCR	148	12%	84%
Kopar At Newton	2020	Chip Eng Seng	378	CCR	121	32%	32%

Source: URA, DBS Bank

Pipeline of residential projects with sales licenses

Remarks

Number of Units



An estimated 40% of pipeline projects with sales licenses have been sold. For projects expected to complete in 2021:

(As of June 2020, expected completion, % unsold by year):

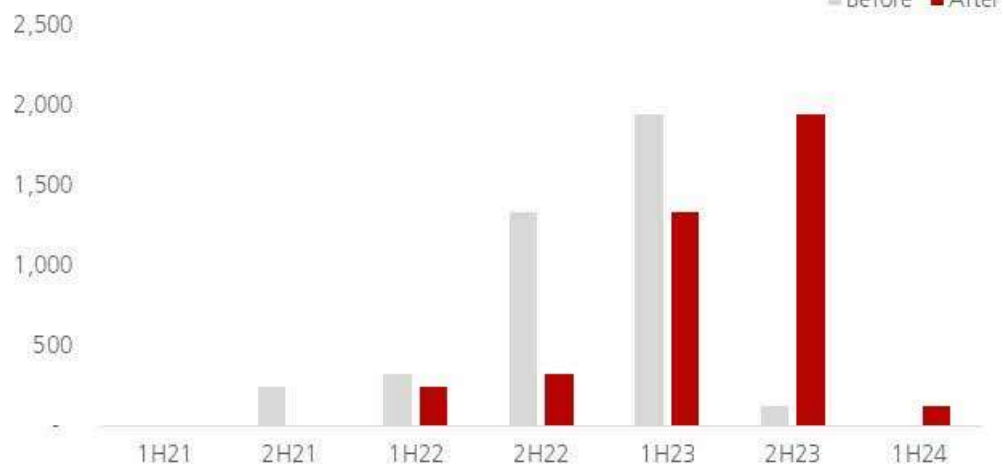
- 2020 (8% unsold)
- 2021 (37% unsold)
- 2022 (58% unsold)
- 2023 (96% unsold)
- 2024 (100% unsold)

Source: URA, DBS Bank

Pipeline of residential projects with sales licenses

Remarks

S\$'m



ABSD deadlines have been extended by 6 months as per the COVID-19 bill. If projects are not sold, the majority of ABSD is expected to be incurred from 1H23 onwards.

Source: URA, DBS Bank

Developers to remain cautious in land-banking; demand for en bloc grinds to a halt. Faced with inventory that may be tough to clear in the current economic climate, most developers have turned cautious in their land-banking activities in 2020. The Urban Redevelopment Authority (URA) has cut supply of confirmed sites in the semi-annual public tenders. Smaller sites are being offered for bidding to limit exposure of developers.

Subdued land-banking. The increase in ABSD to 25% (vs 15% previously) and additional 5% non-remittable ABSD have increased capital commitment and risks for developers looking to add their land banks. Developers have been putting in lower bids and tenders have been awarded at lower prices to curb the excessive rise in land prices.

While developers might apply for remission of the 25% ABSD, expectations of a sales slowdown in 2H20 due to economic uncertainties may force developers to focus on clearing inventory while defensively adding to their land banks.

Focus on clearing inventory. Based on our estimates, in 1H20 many listed developers (covered by DBS and other selected names) focused on clearing inventory with most achieving close to 22% - 70% sell-through rates. These include Kingsford (sales license for the former Normanton Park site delayed), as well as Guocoland and Allgreen that had low sell-through rates as of 3Q19.

Top 10 developers: Sales performance

No	Developer	# of projects	Est Units	% Sold (2018)	% Sold (2019)	% Sold (1H20)	Remarks
1	Oxley and Partners	11	5,000	35%	50%	65%	Most of its projects are expected to complete from 1Q21 onwards. The group's larger projects – Affinity@ Serangoon and Riverfront Residences are planned to complete in 3Q22.
2	City Developments	7	4,300	23%	53%	60%	Most of its projects are expected to get Temporary Occupation Permit (TOP) from 1H22 onwards.
3	MCL Land	3	2,470	20%	52%	70%	Strong sales performance YTD for Parc Esta and Margaret Ville with focus on Leedon Green (former Tulip Garden) from 2020 onwards.
4	UOL / UIC	5	2,600	27%	40%	66%	Projects have done well with Avenue South Residence the key project to watch (c.50% sold) within 1 year of launch. Watch for take-up rate of upcoming new project the Clavon within the Clementi region.
5	Sim Lian	1	2,203	-	37%	57%	Treasure at Tampines has seen strong sales in recent weeks on relaunch.
6	Singhaiji and Partners	3	2,167	-	25%	43%	Parc Clematis (ex Park West Condo) has been hitting the headlines with strong sales in recent weeks.
7	Kingsford	1	2,026	-	0%	0%	Awaiting sales license.
8	Guocoland	4	1,245	-	12%	40%	Strong sales seen in Midtown Bay while sales of other high end projects like The Avenir, Meyer Mansion are slow.
9	CapitaLand Limited	2	1,228	-	20%	35%	Stable sales for its projects.
10	Allgreen	3	954	-	13%	22%	Slower sales momentum for its largely CCR projects.
	Subtotal (Top 10)		24,103				

Source: URA, media reports, DBS Bank

Valuations & recommendations

Developers – trading close to trough levels. Property developers have underperformed the Straits Times Index (STI) in 2020 and currently trade at an average 0.6x price/net asset value (P/NAV). This is close to -2SD (standard deviation) of its historical mean and close to 2009 trough valuations. However, we expect to see near term earnings cuts due to rebates for retail & office tenants and lower performance of their hotel portfolios. We believe that most of these negatives are priced in.

With the property market expected to remain on a downcycle, developers under our coverage are actively clearing inventories in 2019-2020. We estimate that the exposure to Singapore's residential market dipped to <10% of revalued net asset value (RNAV) based on unsold inventories. In addition, many developers went on a merger and acquisition (M&A) spree in 2019 with more than c.S\$17bn worth of deals. These acquisitions shore up earnings and geographical diversity, adding incremental

recurring income to most developers. With contributions from these M&A deals filtering in from 2020 onwards, we anticipate an improvement in return on equity (ROE) while asset recycling activities may drive NAV upside. **Our top picks are CapitalLand (CAPL) and City Developments (CIT).**

Downside risks to earnings; maintain HOLD on OCBC and UOB. Singapore banks are now trading at c.0.8-1.0x FY21F book value (BV). Oversea-Chinese Banking Corp (OCBC) and United Overseas Bank (UOB) are trading near -2SD below their 15-year averages, while DBS is trading near -1SD below its 15-year average. We maintain our HOLD calls on OCBC (target price (TP): S\$9.30) and UOB (TP:S\$20.90), representing ~0.8x FY21F BV. At this juncture, we believe that there are limited catalysts ahead of a weak 2Q20 earnings season. Post FY2020 dividend cap imposed by MAS, there is also downside risk to earnings arising from weaker than expected net interest margins (NIMs) and asset quality.

Valuations

Developers – historical trading ranges

Developers	Price taken	12-mth TP	P/NAV	P/BV Valuations over FY13-17					Implied Prices				
	29-Jul)		latest	Mean	-2SD	-1SD	+1SD	2009 Trough	Mean	-2SD	-1SD	+1SD	2009 Trough
Capitaland	2.78	4.50	0.60	0.86	0.68	0.77	0.95	0.67	3.86	3.05	3.45	4.27	2.99
UOL	6.62	9.50	0.56	0.70	0.53	0.62	0.79	0.53	8.21	6.25	7.23	9.19	6.18
CityDev	8.24	13.0	0.73	1.08	0.71	0.90	1.27	0.70	12.30	8.04	10.17	14.42	7.95
FPL	1.17	0.49	0.50	0.76	0.63	0.69	0.82	0.64	1.92	1.60	1.76	2.08	1.63
Average (DBS Coverage):			0.62	0.62	0.98	0.60	0.79	1.17	0.67				
Bukit Sembawang	3.89		0.56	1.16	0.74	0.95	1.37	1.26	5.88	3.76	4.82	6.94	4.16
Guocoland	1.41		0.46	0.78	0.45	0.61	0.94	0.86	2.69	1.56	2.13	3.26	1.96
Wing Tai	1.75		0.46	0.49	0.33	0.41	0.57	0.53	2.08	1.40	1.74	2.41	1.52
Ho Bee Land	2.02		0.38	0.59	0.40	0.49	0.69	0.43	2.90	1.94	2.42	3.39	2.10

Banks – historical trading ranges

	Last Price	TP	P/BV	P/BV Valuations over FY05-20					Implied Prices				
	(28 Jul)			Mean	-2SD	-1SD	+1SD	2009 Trough	Mean	-2SD	-1SD	+1SD	2009 Trough
DBS	20.40	NR	1.00	1.19	0.75	0.97	1.41	0.58	24.53	15.46	20.00	29.07	11.96
OCBC	8.90	9.30	0.79	1.30	0.78	1.04	1.56	0.70	14.83	8.90	11.86	17.80	7.99
UOB	20.02	20.90	0.79	1.32	0.65	0.98	1.65	0.71	33.65	16.57	24.98	42.06	18.10
			0.86	1.27	0.73	1.00	1.54	0.66					

Source: URA, media reports, Thomson Reuters, Bloomberg Finance L.P., DBS Bank

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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