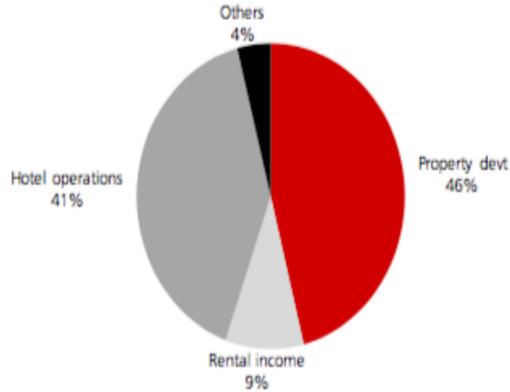




Company Overview

Figure 1. CDL Asset Composition



City Developments Limited (City Dev) is one of the pioneers in Singapore's property sector. It is a property and hotel conglomerate involved in real estate development and investment, hotel ownership and management, and facility management.

In S\$ m	2016	2017	2018F	2019F
Revenue	3,905	3,983	3,452	3,311
Net Profit	640	604	591	459
EBITA	1,050	1,259	1,218	966
Earnings Per Share (\$)	70.4	66.5	65	50.5
Net Dividends Per Share (\$)	17.4	16	16	16
Price/Book Value	1.2	1.1	1.1	1.1
Net Dividend Yield (%)	1.4	1.3	1.3	1.3
ROAE (%)	7	6.4	5.9	4.4

Source: DBS 2017

Investment Thesis

Figure 3. URA Property Price Index



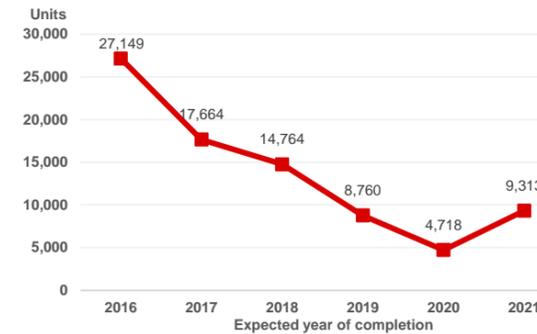
- 1. Upswing in local residential property market will lead to increased revenue and margin expansions**
 - With a robust pipeline of 4 residential projects for launch in FY19, higher ASPs at these new launches will lead to higher revenues and margin expansions, given that land and construction costs have been incurred previously, and considered fixed in nature.
- 2. Replenishing land bank is key to income sustainability.**
 - In today's competitive land bidding environment, CDL has managed to replenish land bank via Sumang Walk for S\$510m

Source: URA

Please read our disclaimer at the end of this report

12M Industry Outlook

Figure 2. Pipeline supply of private residential units by expected year of completion

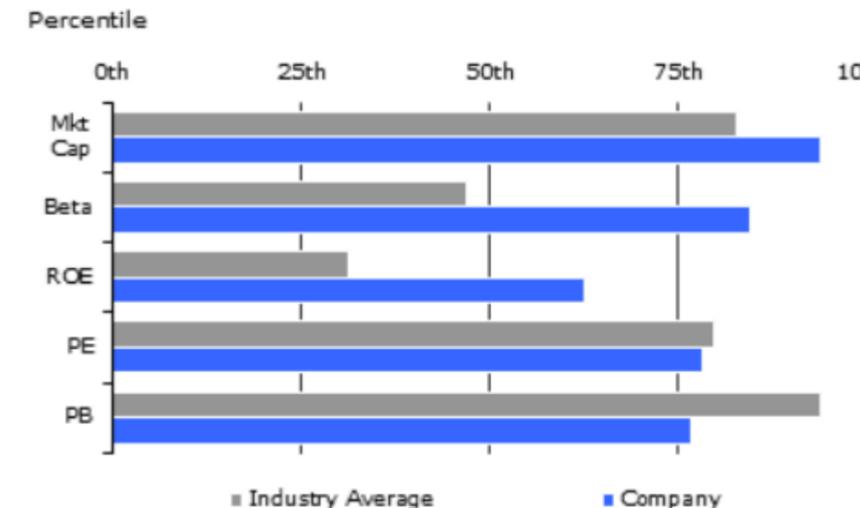


Source: URA

- 1. Private home prices are expected to rise between 3-8%**
Analysts have predicted a 3-8% rise in ASPs for 2018 due to the buoyant en-bloc market as well as benign government stance, in spite of the recent rise in stamp duty.
- 2. Pipeline supply of private home units to fall**
While there is growth in demand, the pipeline supply of private residential units is expected to fall from 2018 to 2020. With declining supply and rising demand, Bukit Sembawang is in an advantageous position

Valuations

Figure 4. Valuation Summary



Source: OCBC Securities

Revalued Net Asset Value (RNAV) Analysis

- RNAV discount:** A 10% discount is set to its RNAV because the strengthening environment for ASPs and excellent track record of CDL
- Target price:** The target share price is at **\$15.03**, representing a 20.8% upside to the current price.

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