UBS

# UBS Investment Research

Global Equity Research

Singapore

Real Estate

Market Comment

# Singapore residential

## Not a speculative bubble

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- **Prices rose 10% in 2006, expected to rise 20% in 2007**

We believe that housing prices are still catching up with GDP growth and that prices in high-end and mid-range segments could increase by 35% in 2007. A record 11,000 units were launched for sale in 2006 and we expect similar volume for 2007, with 40% of the units to be launched in prime districts. Mid-range prices should enjoy spillover as rentals are expected to be supported by a growing population.

- **Mass-market segment to recover in 2008**

After growing 7% in 2006, mass-market prices could rise by 10% in 2007, in our view. We think a lack of launches and weak HDB resale prices will mean moderate price appreciation in 2007. Developers are buying land in suburban locations and the launches in 2008 could spark more interest in buyers then.

- **Speculation is rising but not material**

We believe the level of sub-sale activity is high due to a lack of secondary units in Marina Bay and Sentosa. For prime districts, sub-sales volume has increased and prices of uncompleted units rose slightly from Q22006. We believe the Government will intervene only if speculation increases sharply and spreads to mass-market areas.

- **Key Buy: City Developments Ltd (Upgrade PT to S$17.00/share)**

We upgrade our price target for CDL from S$16.05/share to S$17/share and maintain our Buy 2 rating. We raise our Allgreen price target from S$1.44 to S$1.76/share but downgrade our rating to Neutral 2 (from Buy 2).

This report has been prepared by UBS Securities Pte. Ltd.

# Investment Summary

Following a review of our residential price growth forecast, we have made the following EPS/DPS and PT changes.

### Table 1: Summary of price target changes

| Company | Reuters Code | Rating | Current price | New PT | Previous PT |
|---|---|---|---|---|---|
| City Developments | CTDM.SI | Buy 2 | S$14.80 | S$17.00 | S$16.05 |
| Allgreen | AGRN.SI | Buy 2 to Neutral 2 | S$1.73 | S$1.76 | S$1.44 |

Source: UBS estimates

### Table 2: Summary of earnings upgrades

| | | FY'06 | FY'07E | FY'08E | FY'09E |
|---|---|---|---|---|---|
| City Developments | EPS ¢ - pre | 37 | 50 | 59 | 70 |
| | EPS ¢ - post | 37 | 51 | 63 | 81 |
| | Upgrade % | | 2% | 7% | 16% |
| Allgreen | EPS ¢ - pre | 7.2 | 5.8 | 7.1 | 9.4 |
| | EPS ¢ - post | 7.2 | 6.7 | 9.3 | 12.2 |
| | Upgrade % | | 22% | 30% | 30% |

Source: UBS estimates

For City Developments, we have upgraded our EPS estimates by 2-16%, due to the higher prices assumed for the projects we expect it to sell in 2007 and 2008.

For Allgreen, we have updated our EPS forecast and increased the EPS forecast for 2008 and 2009 based on the higher residential prices assumed, the good response to launches at Allgreen's good sales at Cairnhill Residences and Blossoms@Woodleigh, as well as Allgreen's plans to launch its projects at Holland Residences in early 2008 rather than beyond 2009. This will boost earnings in 2008 and 2009.

## Developers not in our coverage

Other developers that have significant exposure to the Singapore residential market include UOL, UIC, Ho Bee and Wing Tai.

Based on the enbloc purchases made by developers since January 2005, estimated sale price for the units and the stock prices since January 2005, we think there is still value in Bukit Sembawang (BSES.SI), MCL (MCRS.SI), SC Global (SCGO.SI), Chip Eng Seng (CESE.SI), and Hiap Hoe (HIAP.SI).

## Overall prices to rise by around 20% in 2007, higher than the 10% in 2006

Overall residential prices increased by 10% in 2006, mostly led by projects in Marina Bay (prices +40%) and Sentosa (+40%) and prime areas (+10-20%). The overall price index is now back at 2001 levels, but still 72% below the peak in 1996. Rents have now surpassed the 2000 level and are 66% lower than the peak in 1996.

In February and March 2007, developers have continued to launch residential projects in the mid-range and high-end segments at prices that are 20-40% higher than projects in the immediate vicinity. Some developers were able to achieve this by taking the strategy of soft-launching their residential projects overseas, e.g. in Hong Kong and Indonesia, to attract foreign buyers. One high-profile example is Orchard Residences (at Orchard Turn), where around 50% of the 170 units were sold for an average price of S$3000psf, with the top-priced unit selling for S$4080psf. This benchmark price beats the S$3400psf paid by Stanley Ho for Marina Bay Residences in December 2006.

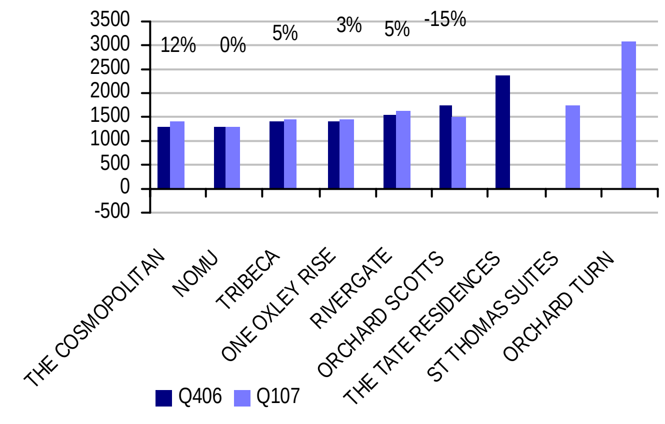
In response to the healthy sales for high-end projects and high launch prices by developers in March 2007, we have increased our residential price forecasts for 2007 as follows:

- **Prime districts (District 9, 10, 11) prices expected to rise 30-35% in 2007:** For 2006, prices in the prime districts increased by 25%. Given that a substantial number of new launches are expected in the prime districts in 2007, we expect price increases to continue in the prime districts in 2007. For Q12007, prices in the prime districts rose around 8%: new sale prices rose 32%, resale prices rose 11% and sub-sale prices rose 3%.

- **Fringe districts (Districts 3, 5, 8, 15) prices expected to rise 30-35% in 2007:** Prices in the fringe districts rose by 10% in 2006 and were flat in Q12007, on the back of fewer launches. We believe prices in the fringe areas could continue to catch up with those in the prime areas in 2007, especially now that fringe area units provide healthier yields.

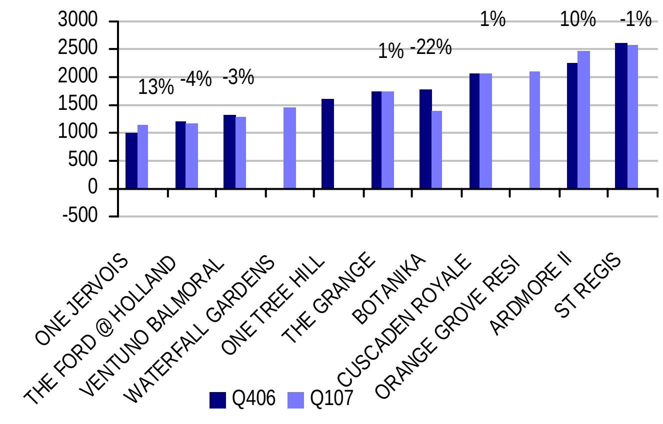
- **Mass-market prices expected to rise 10% in 2007:** Prices in the mass-market segment rose 7% in 2006. We expect this segment to continue to lag behind those in the prime areas, with prices rising around 10% in 2007. This is partly driven by the lack of expected launches in this segment for 2007. We think the recovery in this segment could be stronger in 2008, if market sentiment continues to improve and the resale prices for public housing units improve in 2007. Furthermore, developers have started to show interest in purchasing land parcels in these areas and may launch projects in 2008.

Chart 1: New sale prices in District 9




Source: URA, UBS estimates

Chart 2: New sale prices in District 10




Source: URA, UBS estimates

## Risks

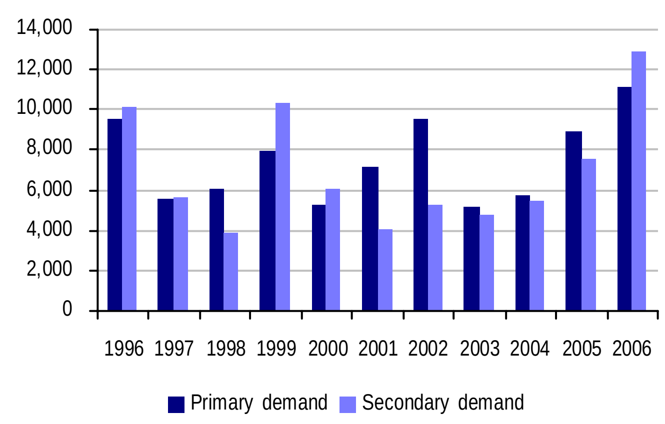
- Our view is that price appreciation in the high-end residential segment is dependent largely on market sentiment. Furthermore, we think price appreciation beyond 35% in 2007 could impact take-up as Singapore developers price their products beyond regional comparables.

- For mid-range and mass-market segments, we believe that price momentum is unlikely to slow unless speculation picks up dramatically and the Government puts in measures to cool the market.

## Residential take-up

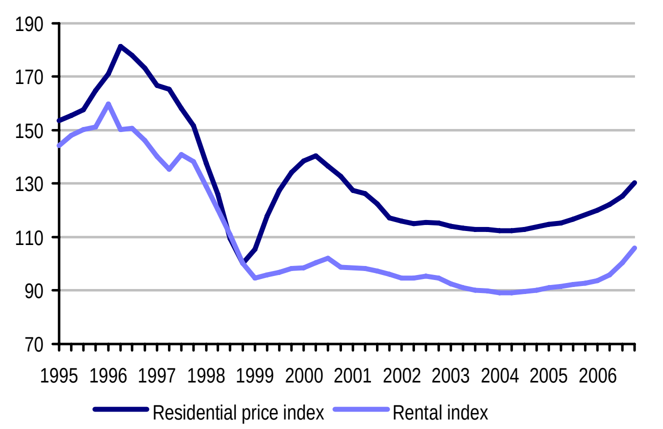
Take-up in 2006 surpassed 1996 levels. For new sales, developers sold 11,147 units, more than the 9,565 units they sold in 1996. Secondary sales were also higher in 2006. High secondary sales activity can be observed in years with a high level of enbloc activity, including 1996 and 1999.

Chart 3: Take-up of new launches highest in 2006




Source: URA

Chart 4: Price and rental indices

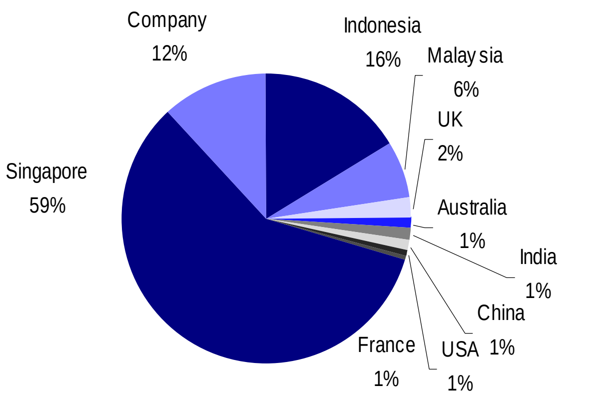



Source: URA

## Foreign buyers in prime districts

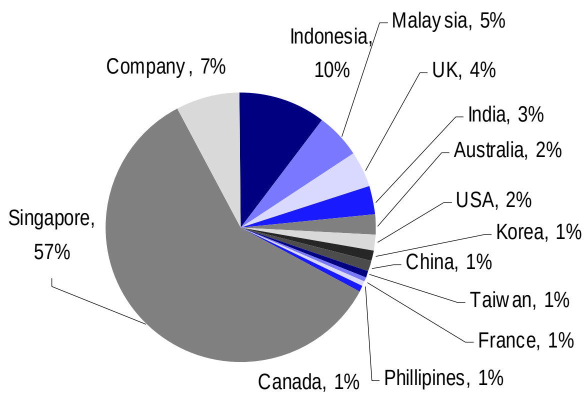
The proportion of foreign purchasers in prime districts has increased from around 30% in 2003 to 36% in 2006.

Chart 5: Prime district purchasers by nationality in 2003




Source: URA, UBS estimates

Chart 6: Prime district purchasers by nationality in 2006




Source: URA, UBS estimates

However, in absolute terms, the number of foreign purchasers has increased more than three-fold from 630 in 2003 to 2,130 in 2006. Buyers from Holland, the US, India, that UK and Canada, as well as North Asia (including Korea, Hong Kong, Philippines, Taiwan) grew five-fold over this period.

Table 3: Number of buyers in prime district non-landed properties by nationality

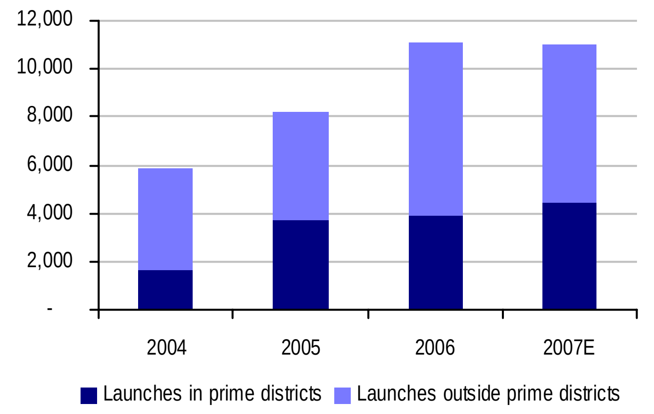
| Nationality | 2006 | 2003 | Change |
|---|---|---|---|
| Outside Asia | | | |
| Holland | 18 | 2 | 9.0 x |
| USA | 114 | 15 | 7.8 x |
| India | 192 | 26 | 7.3 x |
| UK | 250 | 52 | 4.8x |
| Canada | 35 | 7 | 4.8 x |
| North Asia | | | |
| Korea | 78 | 4 | 18.5 x |
| Hong Kong | 28 | 3 | 9.3 x |
| Philippines | 37 | 6 | 6.4 x |
| Taiwan | 46 | 8 | 5.6 x |
| Japan | 23 | 9 | 2.6 x |
| China | 54 | 29 | 1.8 x |

Source: URA, UBS estimates

## Launches and take-up expected for 2007

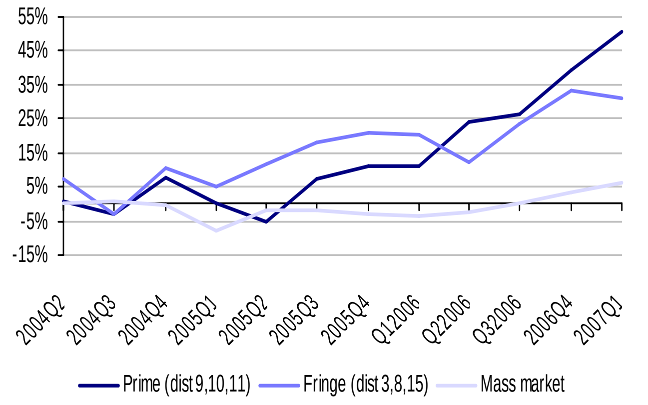
For 2007, we think that developers could continue to launch 9,000-11,000 units, based on the projects that have obtained pre-requisites for pre-sales. We estimate that around 4,500 units launched for sale will be from prime districts 9, 10 and 11 – slightly higher than the 4,000 launched in these districts in 2006.

Chart 7: Private residential units launched for sale




Source: URA, UBS estimates

Chart 8: Change in residential prices in different segments




Source: URA, CEIC, UBS estimates

## Supportive trends for residential prices

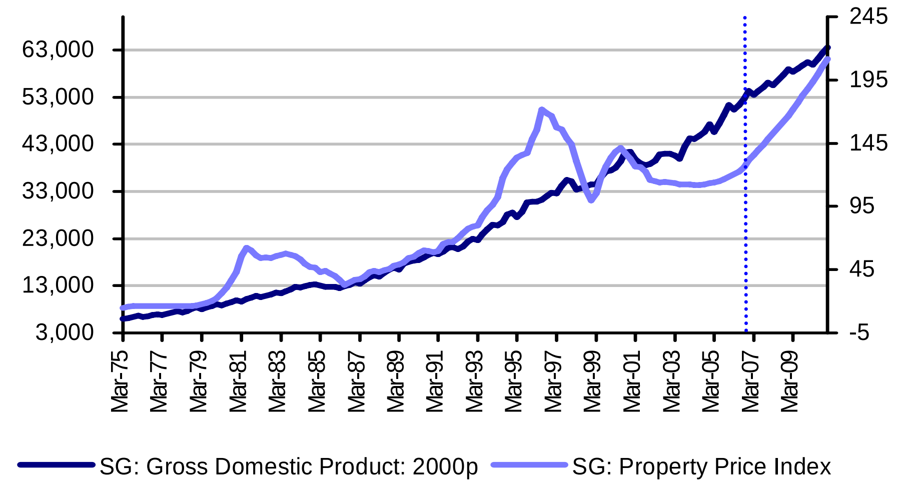
We believe that overall residential prices should continue to improve by 20% in 2007, because of the following:

- Residential prices are playing catch-up to a growing economy. GDP growth for 2007 is expected to be 5-6%, and affordability is high compared to historical conditions.
- Population growth is strong and is expected to gain pace as the Government relaxes immigration criteria.
- Rental growth is likely to continue, supported by the demand and supply dynamics of completed housing units.

### GDP growth and affordability

Since the 1970s, the property price index has generally followed GDP growth, except for the speculative periods in 1980-1985 and 1994-1997.

Chart 9: GDP growth and residential prices



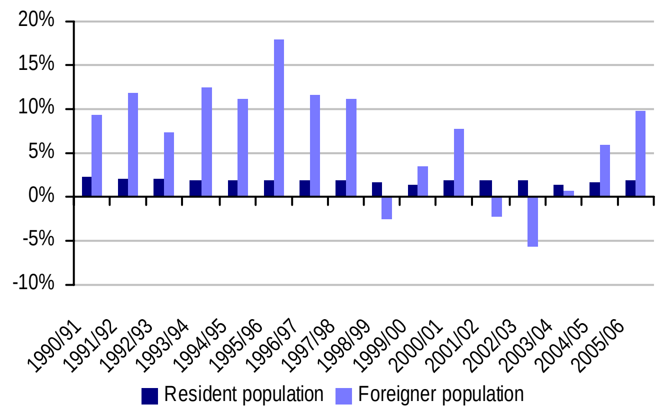

Source: CEIC, UBS estimates

Since 2001, recovery in the property price index has lagged economic recovery, and this divergence is likely to be corrected over the next 3-5 years. Barring unforeseen circumstances, we expect housing prices to rise by a 13% CAGR over the next 4 years to catch up. Currently, average private residential prices are still relatively affordable. Comparing 2005 with 1999, housing prices are 13% cheaper and median income is 18% higher.

## Population growth gaining pace

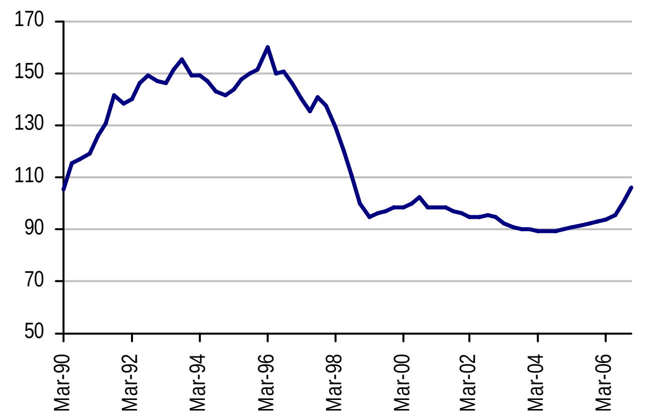
Over the last 3 years, the non-resident population has grown sharply. In particular, non-resident population increased by around 10% in 2006. The Government has announced that plans have been put in place to allow Singapore to accommodate a population of 6.5m by 2015. We believe this implies that the Government expects the strong growth in the on-resident population of 10% pa to continue if economic growth continues to be strong.

Chart 10: Foreign population growth in 2006 hit 1990s levels




Source: CEIC, UBS estimates

Chart 11: Singapore residential rental index



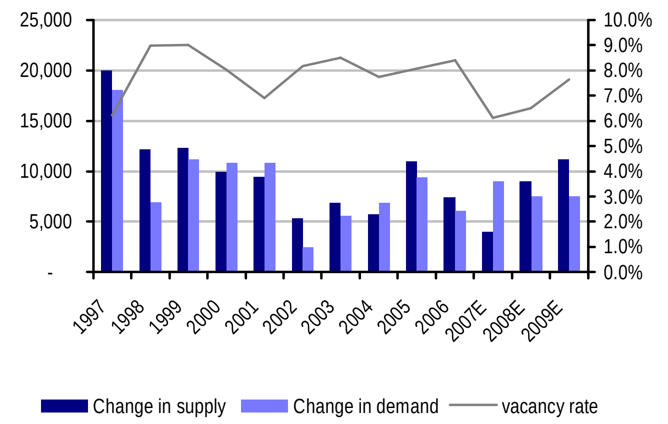

Source: URA , UBS estimates

## Rentals are likely to continue to increase by 15-20% in 2007

For 2006, the high population growth increased demand for built private housing units and brought the residential vacancy rate down to 6%. Supply of newly completed units was also low due to low sales in 2003 and 2004. As a result, rentals in the prime and fringe districts rose by 15% and 19%, respectively.

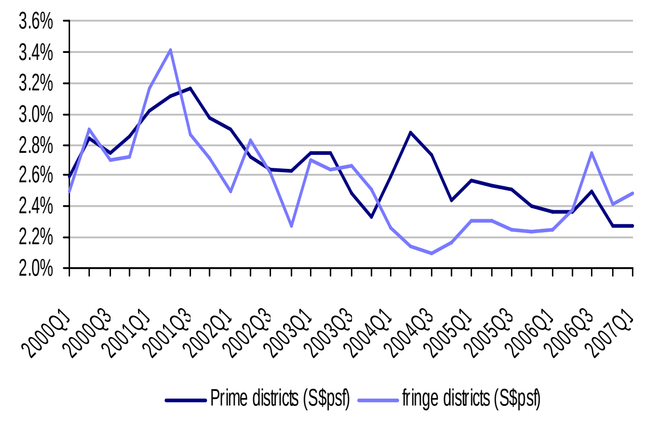
Residents can borrow up to 90% of the home price but most households borrow up to 80%. We estimate that net rental yields in prime and fringe districts are currently around 2.3% and 2.5%, respectively, compared to a mortgage loan rate of around 3.5%. In comparison, in 2003, net rental yields were around 2.5-3% while mortgage rates were less than 2.5%. However, we believe the yield gap of -1% to -1.2% provides almost ‘neutral carry’ and still looks attractive compared to other cities such as Sydney, London and New York.

### Chart 12: Demand and supply of built units




Source: URA, UBS estimates

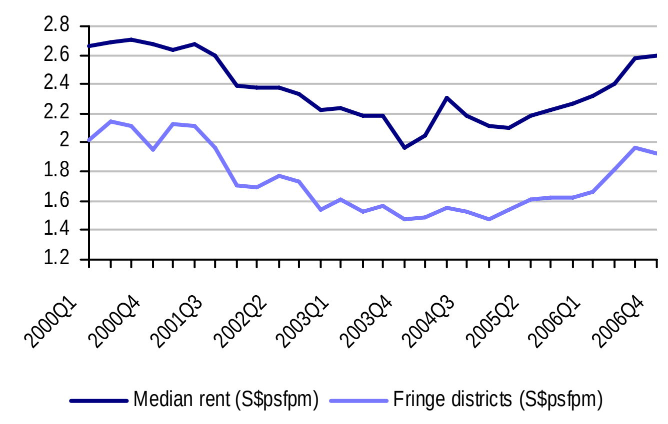
### Chart 13: Net rental yield in prime and fringe districts




Source: URA, UBS estimates

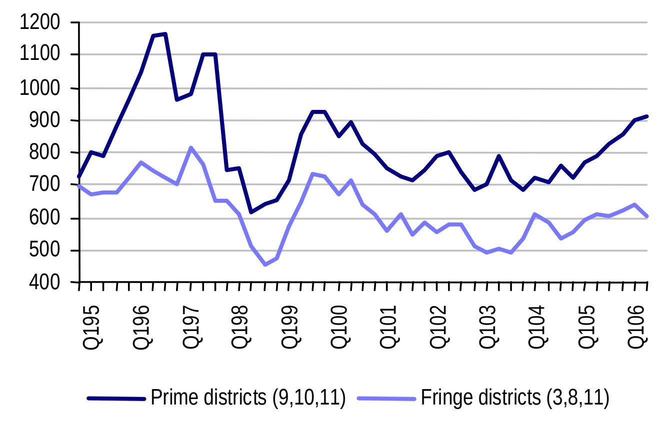
We believe that population growth will continue to be strong in the next 3 years, and that rentals in 2007 could continue to increase by 15-20%. The increase in rents in the fringe districts has provided good support for yields, which would help the momentum in price increases in the fringe districts to match that of the prime districts.

### Chart 14: Median rents in prime and fringe districts




Source: URA, UBS estimates

### Chart 15: Median residential prices in prime and fringe districts

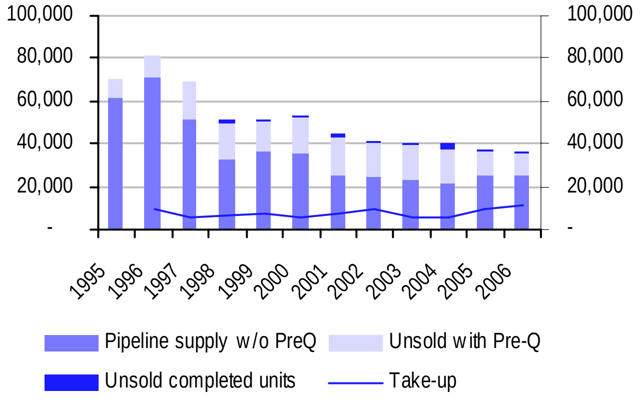



Source: URA, UBS estimates

## Supply in the pipeline at all-time low

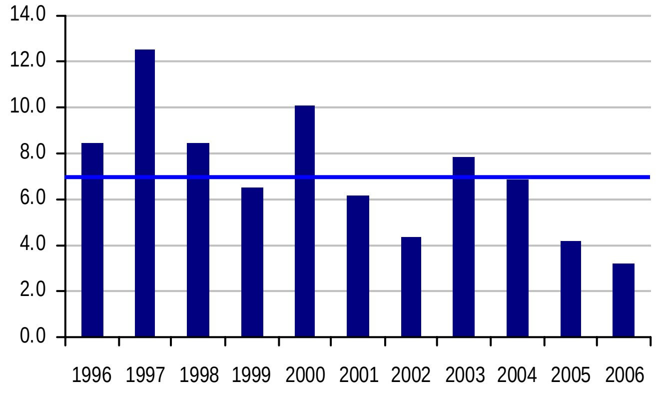
Supply ready for launch is currently at an all-time low, with only 36,000 units in the pipeline (including units with planning approval and un-sold units with pre-requisite to launch for sale).

Chart 16: Supply in the pipeline at all-time low




Source: URA, UBS

Chart 17: Supply in the pipeline (in terms of years)



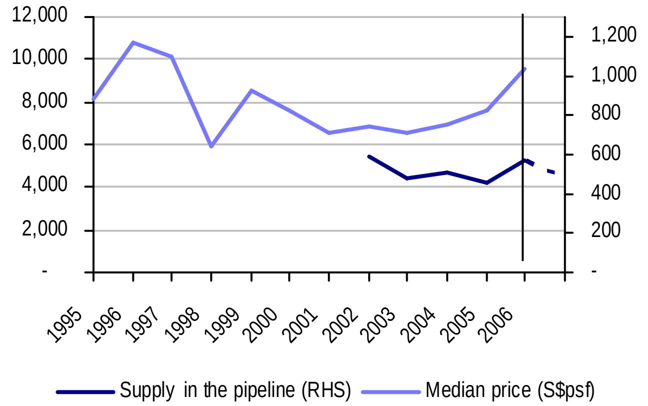

Source: URA, UBS

The combination of low supply in the pipeline and high take-up in 2006 (11,150) implies that supply in the pipeline is now equivalent to around 3 years of demand. This is the tightest year yet, given that the average supply in the pipeline is around 7.2 years. We believe that the low supply has partly contributed to the substantial increase in residential prices in 2006.

### Pricing factors for 2007

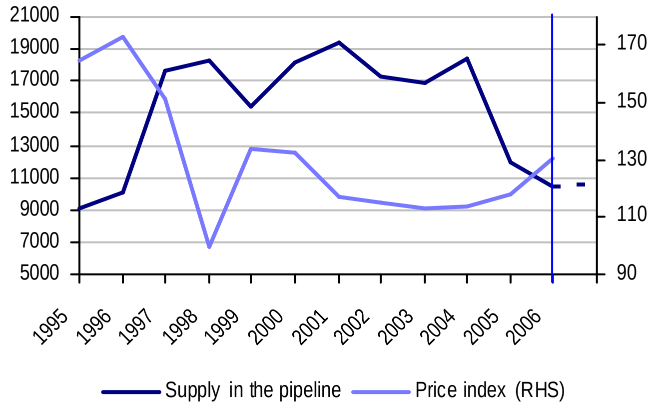
Historically, we observed a vague relationship between supply with pre-requisite to launch. When this number is high, developers may feel some competitive pressure and may be unable to raise prices. Based on projects with planning approval, we believe that projects that will apply for permission (pre-requisite) to launch this year will remain low. This will allow developers some flexibility to continue to raise prices.

Chart 18: Price index, supply in the pipeline in prime areas




Source: URA, UBS estimates

Chart 19: Price index and supply in the pipeline




Source: URA, UBS estimates

## Risks

### How expensive is Singapore?

While developers have been able to achieve higher prices by attracting foreign buyers, there is a risk that Singapore could price itself out of the market, compared to regional cities.

### Table 4: High-end residential projects in Asia, London, New York

| Project Name | City | No. of Units in Development | Average Estimated Unit Price (S$ psf) |
|---|---|---|---|
| The Knightsbridge | London | 203 | $7,500 |
| 8-12 Peak Road | Hong Kong | 34 | $4,768 |
| Regence Royale | Hong Kong | 104 | $3,976 |
| Grosvenor Place | Hong Kong | 21 | $4,172 |
| 110 Central Park South | New York | 110 | $3,093 |
| The Veneto | New York | 137 | $2,475 |
| Bennelong Apartments | Sydney | 237 | $2,932 |
| Macquarie Apartments | Sydney | 62 | $2,481 |
| "Greencliff" | Sydney | 20 | $2,255 |
| Orchard Turn | Singapore | 170 | $3,100 |
| St Regis Residences | Singapore | 173 | $2,655 |
| Ardmore Park | Singapore | 330 | $2,040 |
| The Boulevard Residences | Singapore | 46 | $2,370 |
| Toranomon Tower Residence | Tokyo | 265 | $1,519 |
| Bancho Park House | Tokyo | 126 | $1,742 |
| Aksaka Tower Residence | Tokyo | 425 | $1,453 |
| Tomson Yipin | Shanghai | 181 | $2,400 |
| Lakeville Regency | Shanghai | 532 | $956 |
| Fortune Residence | Shanghai | 307 | $782 |
| Central Park | Beijing | Proposed 1,800 | $466 |
| Park Avenue | Beijing | 1,245 | $391 |
| Grand Moma Residence | Beijing | Proposed 1,400 | $429 |

Source: Knight Frank

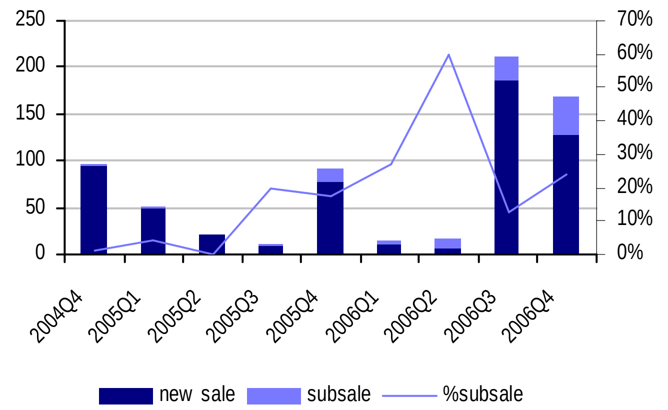
However, we think there is little risk that residential prices in Singapore would *decrease* (as seen in the US market). This is mainly because we believe Singapore residential prices are still in a catch-up stage, compared to GDP.

## Is speculation rising?

In January 2007, the Singapore Government published more detailed data on the level of sub-sale activity to provide more transparency on the level of speculative activity in the market. Sub-sales are defined as resale of un-completed residential units. When the market was rife with speculation in 1996, sub-sales made up around 40% of all transactions. When market sentiment was poor in 2004, sub-sales made up only 2.5% of all transactions.

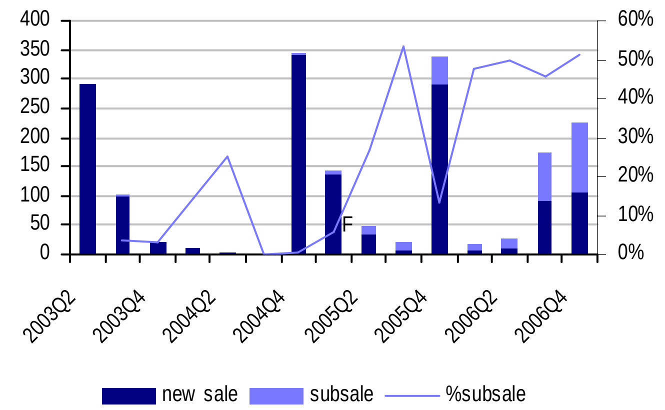
Based on the data released, sub-sale activity rose from 2.5% in Q22006 to around 5.4% in Q3 and Q42006. We believe part of this was due to transactions in Sentosa and Marina Bay, where sub-sales made up 24% and 52% of all transactions, respectively. The reason for this is mainly that most of the available units were uncompleted and buyers had no choice but to buy sub-sale units.

Chart 20: Sub-sale in Sentosa




Source: URA, UBS estimates

Chart 21: Sub-sale in Marina Bay

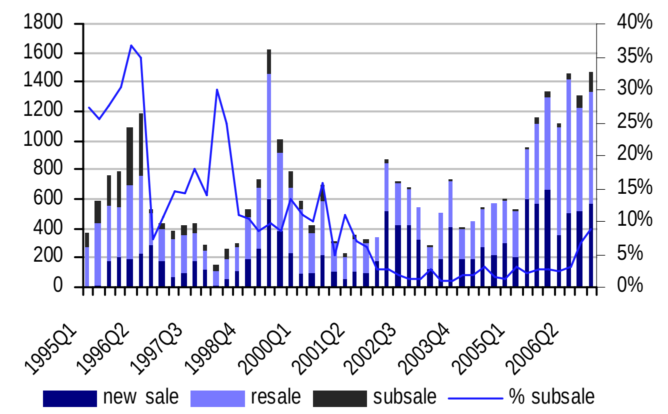



Source: URA, UBS estimates

## Speculation increased slightly in prime districts

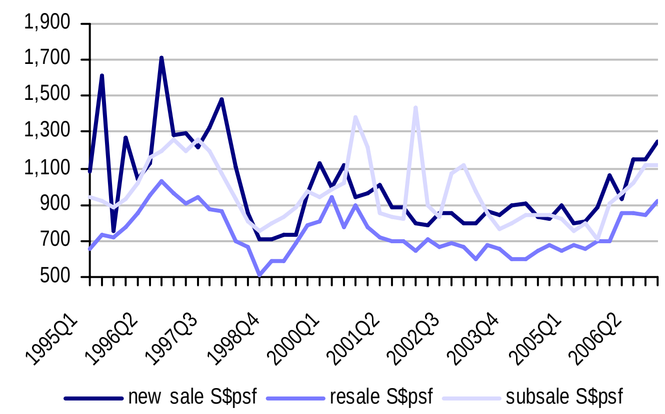
For prime areas where the anomaly does not exist, we also observe an increase of sub-sale transactions from 4% in Q22006 to 9-10% in Q3 and Q42006. There is a clear trend that speculative activity increased in H22006, but levels are still moderate compared to periods in 1996 when sub-sales made up over 30% of all transactions.

Chart 22: Types of sale in prime districts




Source: URA, UBS estimates

Chart 23: Prices of new sales versus resale and sub-sales




Source: URA, UBS estimates

In the speculative period in 1996, prices of uncompleted units were around 50% higher than completed units, as speculators bought units they had no intention of occupying. In non-speculative years (2003, 2004), this premium narrowed to 30%. Since Q22006, there has been a distinct increase in this premium to 36%, contributed by the launch of new luxury products (e.g. St Regis) as well as possibly some element of speculation.

Our view is that speculative activity has risen very modestly in H22006 and is confined to the high-end segments. There is no change in the volume of sub-sale transactions in mass-market projects outside the Central region. We believe that the Government will only introduce dampening measures (e.g. capital gains tax, lower loan-to-equity ratios) if speculation rises substantially and spreads outside of prime districts.

## Residential developers

Based on our revised residential price forecasts, we have raised our price targets for City Developments, Keppel Land and Allgreen. Our top pick for the residential sector is City Developments Ltd.

### City Developments Ltd

City Dev is the most prolific residential developer in Singapore. The company sold 2,000 units in 2005 and 1,300 units in 2006. However, total sales value from units sold in 2006 was S$2.77bn, 67% higher than S$1.66bn for 2005, as more of the units sold in 2006 were high-end units. Most of the sales will be booked progressively over the next 3 years.

**Table 5: City Developments 2008E RNAV estimates**

| | Old | New | % |
|---|---|---|---|
| Residential | 5,839 | 6,606 | 40% |
| High-end | | 4,100 | 25% |
| Mid-range | | 1,000 | 6% |
| Suburban | | 1,500 | 9% |
| Investment properties | 5,800 | 5,800 | 35% |
| Singapore office | | 3,800 | 23% |
| Singapore retail, serviced apartments | | 1,600 | 10% |
| Singapore industrial | | 100 | 1% |
| Overseas | | 300 | 2% |
| Hotel operations | 4,026 | 4,026 | 24% |
| Total Gross RNAV | 15,665 | 16,432 | 100% |
| Net Debt | (2,579) | (2,579) | |
| Total RNAV | 13,086 | 13,853 | |
| Number of shares | 978 | 978 | |
| RNAV per share | 13.38 | 14.16 | |
| Price target (1.2x P/RNAV) | 16.05 | 17.00 | |
| PE ratio | 25.5x | 27.0x | |

Source: UBS estimates

City Dev also has the largest landbank of around 9msf GFA, which could sustain the developer for the next 10 years. We estimate that 25% of its RNAV is derived from its high-end residential projects/landbank and a further 15% of its RNAV from its mid-range and mass-market projects/landbank. Our revised residential price forecasts have increased the residential RNAV by 12%. As a result, we have upgraded our price target from S$16.05/share to S$17/share. Our price target is based on a 20% premium to RNAV.

### Table 6: Residential units ready for launch in H12007

| Units ready for launch in 2007 | Estimated number of units | Estimated price S$psf |
|---|---|---|
| Solitaire, Balmoral Park | 59 | 1,800-2,200 |
| Kim Lin Mansion, Grange Rd | 110 | 2,300 -2,500 |
| Quayside Isle, Sentosa Cove | 223 | 1,600-1,800 |

Source: UBS estimates

## Allgreen

Allgreen has 42% of its RNAV in Singapore residential projects. We have revised our price target from S$1.44/share to S$1.76/share to take into account the following:

- Revised residential forecast (+8% to residential RNAV).
- Revised valuation for Great World City based on the latest valuation (+12%).
- Likely acquisition of Handy Road sale site, as Allgreen was the highest bidder in the tender, which closed on 28 March 2007.

### Table 7: Allgreen 2008E RNAV

| RNAV (S$m) | Old | New | % | Remarks |
|---|---|---|---|---|
| Spore residential | 1,205 | 1,385 | 42% | |
| High/mid range condominiums | 810 | 971 | 31% | |
| Suburban landed | 284 | 263 | 8% | Profits from Shaughnessy were booked |
| Suburban condominiums | 111 | 79 | 3% | Profits from Blossoms and Baywater were booked |
| Commercial | 1,051 | 1,178 | 38% | Including Tanglin Mall, Great World City |
| Hotel/Serviced apartments | 516 | 552 | 18% | Traders Hotel, Great World City serviced apartments |
| Tianjin project | 83 | 83 | 3% | |
| Total gross assets | 2,855 | 3,126 | 100% | |
| Net debt | 681 | 466 | | Booked profits reduced net debt |
| RNAV | 2,174 | 2,660 | | |
| No. of issued shares | 1,585 | 1,590 | | |
| RNAV/share | 1.37 | 1.67 | | |
| Price target | 1.44 | 1.76 | | Based on 1.05x P/RNAV |
| PE on 2008 earnings | 15.5x | 18.9x | | |

Allgreen has seen a good response in its projects launched in December 2006 and January 2007. Around 70% of Blossoms at Woodleigh and 100% of Cairnhill Residences have been sold. For 2007, Allgreen intends to continue selling units in Blossoms and D'Lotus, as well as launch sales in Cascadia (H12007) and Devonshire Residences (H22007). Allgreen expects to launch units in Viva at District 11 and Holland Residences at District 10 only in early 2008.

Allgreen has been seeking out opportunities to replenish its land bank quickly to avoid running out of projects by 2009. We think the Handy Road site is a good purchase and should give Allgreen margin of around 20%, assuming a sale price of S$1500-1600psf for the units.

### Table 8: Allgreen's residential projects

| Projects on sale / expected for launch in 2007 | Total units | Estimated sale price S$psf |
|---|---|---|
| Blossoms@Woodleigh | 240 | 630 |
| Devonshire Residences | 163 | 1800 |
| Cascadia, Bukit Timah | 582 | 1100 |
| D'Lotus | 83 | 610 |
| Projects in the landbank | Total units | |
| Viva, Jalan Korma | 270 | 1400-1500 |
| Holland Residences | 90 | 1400-1500 |
| Pavilion Park, Bukit Batok | 391 | 400-550 |
| Handy Road | 80-100 | 1500-1600 |

Source: Allgreen Properties, UBS estimates

## Other players

Some of the other developers that we do not cover also have significant exposure to the Singapore residential market. We think some of these developers could include:

- Bukit Sembawang (BSES.SI),
- MCL (MCRS.SI),
- SC Global (SCGO.SI),
- Chip Eng Seng (CESE.SI) and
- Hiap Hoe (HIAP.SI).

## Table 9: Developers' enbloc shopping list

| Property | Postal Code | Date Sold | Price ($ m) | Potential GFA (sf) | Price ($psf GFA) | Tenure (Years) | BE cost | Est sale price |
|---|---|---|---|---|---|---|---|---|
| City Developments | | | 1,380 | 2.00m | | | | |
| Bougainville | 11 | Dec-05 | 19 | 43,000 | $505 | FH | $805 | $950 |
| Lock Cho Apt collective sale | 12 | Apr-06 | 172 | 498,000 | $344 | FH | $644 | $950 |
| Lucky Tower | 10 | May-06 | 383 | 355,000 | $1,134 | FH | $1,434 | $2300 |
| Futura | 10 | Oct-06 | 287 | 244,000 | $1,179 | FH | $1,479 | $2300 |
| The Albany | 11 | Feb-07 | 65 | 117,000 | $558 | FH | $858 | $950 |
| Concorde/Balestier Ct/Bright Bldg | 12 | Mar-07 | 83 | 169,000 | $491 | FH | $791 | $950 |
| Hong Leong Garden condominium | 5 | Mar-07 | 132 | 426,000 | $363 | FH | $663 | $770 |
| Anderson 18 (With WingTai) | 10 | Mar-07 | 478 | 314,000 | $1,650 | FH | $1,950 | $2400 |
| Far East Organisation (NOT LISTED) | | | 922 | 2.64m | | | | |
| Amberville | 15 | Jan-06 | 183 | 612,000 | $396 | 99 yr | $696 | $850 |
| Angullia Mansion | 9 | Feb-06 | 120 | 125,000 | $1,058 | FH | $1,358 | $2500 |
| Pacific Court | 5 | Mar-06 | 27 | 89,000 | $377 | FH | $677 | $770 |
| Rose Garden | 15 | Aug-06 | 170 | 401,000 | $423 | FH | $723 | $850 |
| Century Ville, Le Marque & Villa Margaux | 10 | Sep-06 | 146 | 245,000 | $665 | FH | $965 | $1350 |
| Nos 347 etc Bukit Timah Road | 10 | Dec-06 | 55 | 94,000 | $815 | FH | $1,115 | $1350 |
| 25 to 27 Amber Road | 15 | Jan-07 | 28 | 59,000 | $478 | FH | $778 | $850 |
| CapitaLand | | | 837 | 2.18m | | | | |
| Dragon View Park collective sale | 9 | Oct-05 | 128 | 263,000 | $532 | FH | $832 | $1000 |
| Silver Tower | 10 | Sep-06 | 161 | 160,000 | $1,107 | FH | $1,407 | $1850 |
| Gillman Heights | 4 | Feb-07 | 548 | 1,757,000 | $363 | 99 | $663 | $1000 |
| Wing Tai | | | 798 | 0.87m | | | | |
| Phoenix Mansion | 9 | Jul-05 | 58 | 81,000 | $716 | FH | $1,016 | $1300 |
| Belle Vue | 9 | Oct-05 | 227 | 341,000 | $666 | FH | $966 | $1800 |
| Newton Meadows | 11 | May-06 | 73 | 120,000 | $665 | FH | $965 | $1300 |
| Ardmore Point | 10 | Oct-06 | 201 | 169,000 | $1,369 | FH | $1,669 | $2400 |
| Anderson 18 (With CDL) | 10 | Mar-07 | 478 | 314,000 | $1,650 | FH | $1,950 | $2400 |
| UOL | | | 671 | 1.44m | | | | |
| Eng Cheong Tower (with Low Keng Huat) | 6 | Jan-05 | 48 | 257,000 | $185 | 99 | $485 | $600 |
| Bo Bo Tan Gardens (with UIC) | 3 | Jun-05 | 60 | 185,000 | $334 | FH | $634 | $850 |
| Minbu Road collective sale | 11 | Oct-05 | 61 | 170,000 | $359 | FH | $659 | $950 |
| Duchess Court (with Low Keng Huat) | 10 | May-06 | 104 | 213,000 | $582 | FH | $882 | $1300 |
| Nassim Park (with Kheng Leong) | 10 | Aug-06 | 388 | 343,000 | $1,131 | FH | $1,431 | $1800 |
| East Coast Ville | 15 | Dec-06 | 55 | 135,000 | $437 | FH | $737 | $900 |
| Green Meadows | 20 | Mar-07 | 255 | 638,000 | $400 | FH | $700 | $800 |
| SC Global | | | 648 | 0.70m | | | | |
| Paterson Tower | 9 | Mar-06 | 266 | 254,000 | $1,064 | FH | $1,364 | $2500 |
| Hilltops Apartments | 9 | Apr-06 | 294 | 309,000 | $951 | FH | $1,251 | $1850 |
| 16 terraces houses at Cairnhill Circle | 9 | Jun-06 | 88 | 140,000 | $722 | FH | $1,022 | $1850 |
| Frasers and Neave | | | 643 | 1.86m | | | | |
| Waterfront View (with Far East) | 16 | May-06 | 385 | 2,023,000 | $241 | 99 yr | $541 | $650 |
| Far East Mansion | 9 | Jun-06 | 256 | 381,000 | $674 | FH | $974 | $1200 |
| Flamingo Valley | 15 | Feb-07 | 194 | 469,000 | $415 | FH | $715 | $900 |

| Property | Postal Code | Date Sold | Price ($ m) | Potential GFA (sf) | Price ($psf GFA) | Tenure (Years) | BE cost | Est sale price |
|---|---|---|---|---|---|---|---|---|
| Chip Eng Seng Group | | | 509 | 0.96m | | | | |
| Westpeak Condominium | 5 | Apr-06 | 206 | 655,000 | $348 | FH | $648 | $770 |
| Venus Mansion | 9 | Apr-06 | 123 | 151,000 | $785 | FH | $1,085 | $1850 |
| Grange Tower | 9 | Sep-06 | 180 | 150,000 | $1,200 | FH | $1,500 | $2300 |
| Bukit Sembawang | | | 492 | 0.78m | | | | |
| Woodleigh Grove | 13 | Jul-05 | 30 | 117,000 | $280 | FH | $580 | $700 |
| 32 lots at Lengkok Angsa | 9 | Jul-05 | 117 | 164,000 | $650 | FH | $950 | $2500 |
| Carlton Terrace | 10 | Dec-05 | 49 | 102,000 | $541 | FH | $841 | $1600 |
| Chez Bright Apartments | 9 | Mar-06 | 54 | 96,000 | $625 | FH | $925 | $1850 |
| The Vermont | 9 | Mar-06 | 75 | 113,000 | $755 | FH | $1,055 | $1850 |
| Waterfront View (with Frasers Centrepoint) | 16 | May-06 | 385 | 2,023,000 | $241 | 99 yr | $541 | $650 |
| 14 houses at Paterson Rd, Lengkok Angsa | 9 | Jun-06 | 103 | 102,000 | $1,040 | FH | $1,340 | $2500 |
| Peck Hay Mansion | 9 | Jun-06 | 64 | 90,000 | $796 | FH | $1,096 | $1850 |
| Ho Bee Group | | | 375 | 0.55m | | | | |
| Evian Condominium | 10 | Jun-05 | 21 | 78,000 | $309 | 99 | $609 | $700 |
| Fernhill Grove | 10 | Aug-05 | 66 | 121,000 | $620 | FH | $920 | $1400 |
| The Orange Grove Condominium | 10 | Sep-06 | 142 | 158,000 | $966 | FH | $1,266 | $2100 |
| Holland Hill Mansions (with MCL) | 10 | Nov-06 | 292 | 390,000 | $749 | FH | $1,049 | $1400 |
| MCL Land | | | 326 | 0.74m | | | | |
| Marine Parade Garden collective sale | 15 | Mar-05 | 41 | 114,000 | $357 | FH | $657 | $850 |
| Fernhill Place | 10 | Nov-05 | 19 | 36,000 | $588 | FH | $888 | $1400 |
| Balmeg Court | 5 | Dec-05 | 79 | 256,000 | $340 | FH | $640 | $800 |
| Boon Teck Heights | 12 | Apr-06 | 23 | 77,000 | $300 | FH | $600 | $700 |
| Serangoon Apartments | 19 | May-06 | 18 | 65,000 | $271 | 99 yr | $571 | $800 |
| Holland Hill Mansions (with Ho Bee) | 10 | Nov-06 | 292 | 390,000 | $749 | FH | $1,049 | $1400 |
| Sim Lian Group | | | 218 | 0.65m | | | | |
| Hin Seng Garden collective sale | 5 | Mar-05 | 95 | 379,000 | $270 | FH | $570 | $770 |
| Fairview Court | 16 | Oct-05 | 11 | 44,000 | $249 | FH | $549 | $700 |
| Lincolnsvale | 11 | Nov-05 | 51 | 99,000 | $511 | FH | $811 | $1300 |
| Olivio | 11 | Sep-06 | 29 | 39,000 | $750 | FH | $1,050 | $1300 |
| Wen Yuan Court, K Gardens etc | 15 | Sep-06 | 22 | 65,000 | $344 | FH | $644 | $900 |
| Leyuke | 15 | Feb-07 | 10 | 25,000 | $404 | FH | $704 | $900 |
| Soilbuild | | | 175 | 0.36m | | | | |
| One Tree Lodge | 10 | Jan-05 | 38 | 71,000 | $602 | FH | $902 | $1500 |
| Bright Apartments | 12 | Oct-05 | 16 | 55,000 | $296 | FH | $596 | $700 |
| Martaban Road and Minbu Road | 11 | Jun-06 | 45 | 136,000 | $329 | FH | $629 | $950 |
| Furama Tower | 9 | Jul-06 | 76 | 95,000 | $872 | FH | $1,172 | $1800 |
| Hiap Hoe Ltd | | | 165 | 0.27m | | | | |
| Le Chateau | 9 | Aug-06 | 53 | 115,000 | $462 | FH | $762 | $1200 |
| Phoenix Court | 9 | Oct-06 | 88 | 123,000 | $756 | FH | $1,056 | $1850 |
| Lewis Court | 10 | Feb-07 | 24 | 33,000 | $708 | FH | $1,008 | $1350 |

Source: CBRE, UBS estimates

## ■ Statement of Risk

The key risk for our assumptions is the pace of global and Singapore economic growth, which affect the demand for residential units in Singapore. Therefore, we have assigned a predictability level of 2 for City Developments and Allgreen, given that economic growth is hard to predict.

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| **Neutral 1** | FSR is between -6% and 6% of the MRA, higher degree of predictability | **Neutral 2** | FSR is between -6% and 6% of the MRA, lower degree of predictability | **Hold/Neutral** | 43% | 36% |
| **Reduce 1** | FSR is > 6% below the MRA, higher degree of predictability | **Reduce 2** | FSR is > 6% below the MRA, lower degree of predictability | **Sell** | 13% | 26% |

1: Percentage of companies under coverage globally within this rating category.

2: Percentage of companies within this rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Ratings allocations are as of 31 December 2006.

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### Companies mentioned

| Company Name | Reuters | Rating | Price | Price date/time |
|---|---|---|---|---|
| **Allgreen** | AGRN.SI | Neutral 2 | S$1.68 | 28 Mar 2007 23:38 HKT |
| **City Developments**[16] | CTDM.SI | Buy 2 | S$14.40 | 28 Mar 2007 23:38 HKT |

Source: UBS. HKT: Hong Kong time.

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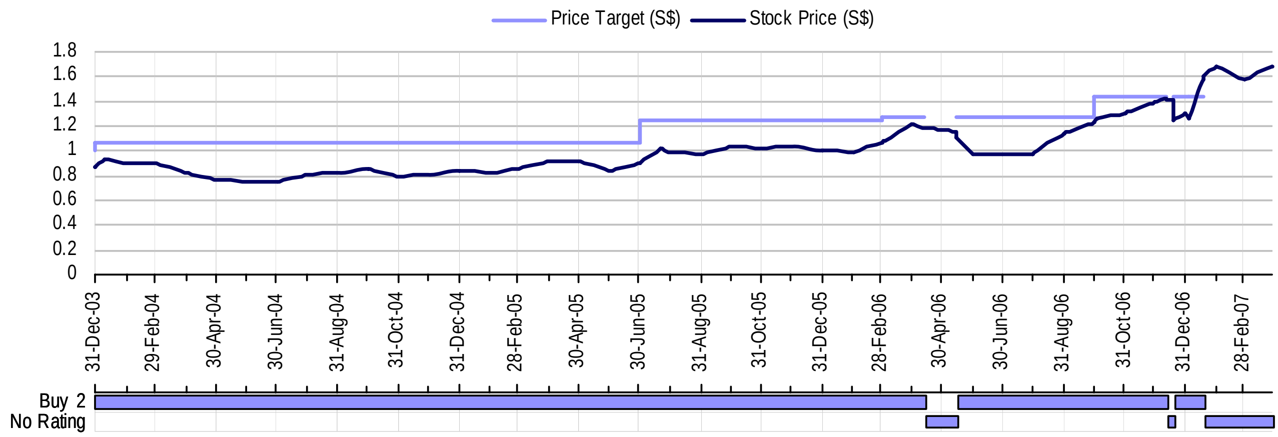
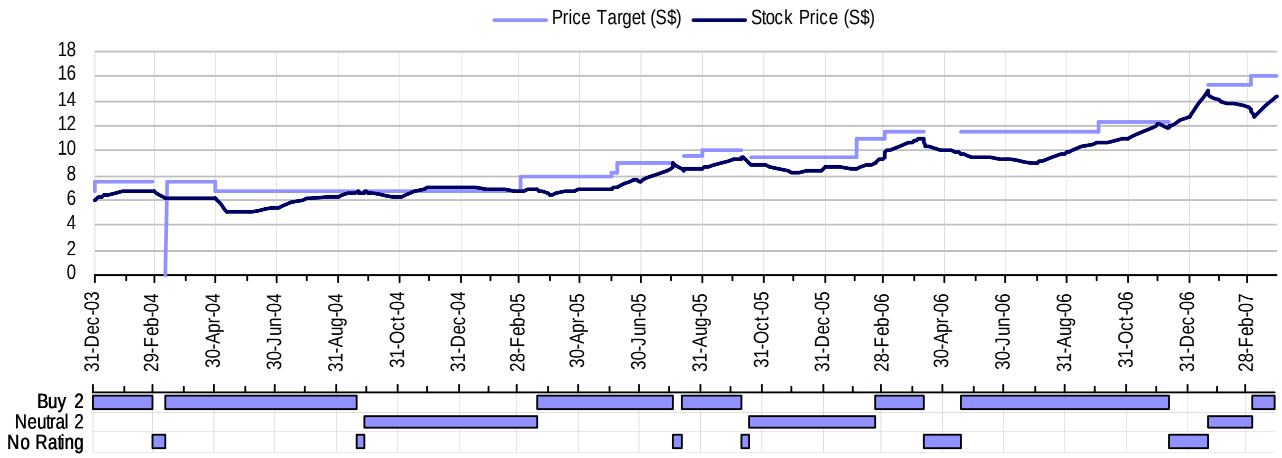



## City Developments Limited (S$)




Source: UBS; as of 28 March 2007.

Note: On September 9, 2006, UBS adopted new percentage band criteria for its rating system. (See 'UBS Investment Research: Global Equity Ratings Definitions and Allocations' table for details). Between October 13, 2003 and September 9, 2006 the percentage band criteria used in the rating system was 10%. Prior to October 13, 2003, the UBS ratings and their definitions were: Buy 1: Excess return potential >15%, smaller range around price target; Buy 2: Excess return potential >15%, larger range around price target; Neutral 1: Excess return potential between -15% and 15%, smaller range around price target; Neutral 2: Excess return potential between -15% and 15%, larger range around price target; Reduce 1: Excess return potential < -15%, smaller range around price target; Reduce 2: Excess return potential < -15%, larger range around price target. Excess return is defined as the difference between the FSR and the one-year local market interest rate.

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