COLLIERS INTERNATIONAL | SINGAPORE

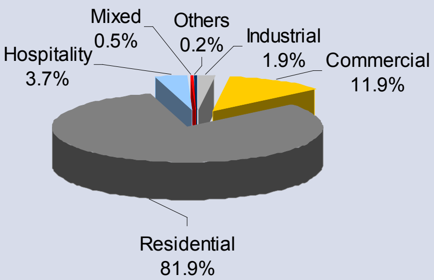
The Knowledge Report

MARKET OVERVIEW | JULY | 2007

MARKET INDICATORS

	RENTS 1Q07	RENTS 2Q07
OFFICE	↑	↑
RETAIL	↑	↑
INDUSTRIAL	↑	↑
RESIDENTIAL	↑	↑

COMPOSITION OF INVESTMENT SALES BY VALUE IN 2Q 2007



Source: Colliers International Singapore Research

Property Market Overview

ECONOMY

The Singapore economy surprises with better-than-expected strong growth of 8.2% on a year-on-year (YoY) basis in 2Q 2007, improving on last quarter's 6.4% YoY expansion. The manufacturing sector grew by 10.2%, up from 4.4% in the previous quarter due to strong growth in the biomedical and transport engineering clusters. The construction sector continued to set new highs at 17.9% YoY growth in 2Q 2007, improving 6.3-pecentage points from the 11.6% growth recorded in the previous quarter. The services producing industries grew 7.0% in the same period, easing slightly from 7.2% in the last quarter. The financial services and wholesale and retail trade led the healthy growth.

ECONOMIC INDICATORS

YEAR-ON-YEAR GROWTH IN GROSS DOMESTIC PRODUCT (GDP)

	2Q 2006	3Q 2006	4Q 2006	2006	1Q 2007	**2Q 2007***
Overall GDP	8.0	7.0	6.6	7.9	6.4	**8.2**
Goods Producing Industries:						
Manufacturing	11.9	9.5	7.7	11.5	4.4	**10.2**
Construction	0.9	5.8	4.7	2.7	11.6	**17.9**
Services Producing Industies	6.9	6.3	6.6	7.0	7.2	**7.0**

*Advanced estimates

Source: Ministry of Trade and Industry / Colliers International Singapore Research

For 2007 as a whole, the Ministry of Trade and Industry had further revised its earlier forecast of Singapore's economic growth from 4.5% - 6.5% upwards to 5.0% - 7.0%.

INVESTMENT SALES

The investment sales market continued in its feverish fervour in 2Q 2007, reaching $10.4 billion worth of sales, an increase of 10.6% over the $9.4 billion accumulated in the previous quarter. The surge in investment sales transactions was driven primarily by the residential sector, which contributed $8.5 billion or 81.9%, and supported by the commercial sector, which contributed $1.2 billion or 11.9% to the total investment sales in the quarter.

COLLIERS INTERNATIONAL

INVESTMENT SALES

The surge in investment sales transactions was driven primarily by the residential sector, which contributed $8.5 billion or 81.9%, and supported by the commercial sector, which contributed $1.2 billion or 11.9% to the total investment sales in the quarter.

Whilst the private sector took a lead in driving investment sales, contributing $9.3 billion, or 89.0% of total investment sales, the public sector also maintained its steady support with some $1.1 billion or 11.0% of total investment sales.

Developers remained active in private residential land acquisition, which accumulated a total value of some $7.8 billion in the private residential investment sales market. Collective sales, which took up a hefty 83.6% share of the total private residential investment sales amounting to $6.5 billion, saw an increase in the number of transactions from 30 in the last quarter to 41 in 2Q 2007. In terms of volume of transaction, there was also a significant increase of 58.5% over the $4.1 billion amassed in the previous quarter. The increase in the number and volume of transactions could be attributed to the significant increase in land price that developers are willing to pay, as sentiments on the prospect of the residential market remains bullish whilst prime sites with potential for redevelopment are fast diminishing.

The most significant residential investment sales transaction in term of absolute value was the collective sale of privatised HUDC development Farrer Court to a consortium formed by CapitaLand, Hotel Properties, Wachovia Development Corporation and a foreign fund at about $1.8388 billion. This amount consisted of $1.3388 billion for the development and approximately $500 million for other acquisition costs estimated at the point of sale, including the differential premium to enhance the intensity of the site up to a 2.8 plot ratio and lease top-up fee for a fresh lease of 99 years. Collectively, this would represent a land cost of approximately $783 per sq ft per plot ratio. CapitaLand plans to develop the colossal site of 838,488 sq ft into a 36-storey condominium of 1,500 apartment units.

The top land price of $2,338 per sq ft per plot ratio achieved for non-landed residential sites in 2Q 2007 was attributed to The Ardmore at Ardmore Park, inclusive of development charge. This was 34.8% higher than the last record of $1,734 per sq ft per plot ratio set by The Parisian in 4Q 2006.

The second best performing sector, the commercial property sector, accumulated some $1.2 billion worth of investment sales in 2Q 2007. The most significant sale in terms of absolute price was CLSA Capital Partner's 99 year leasehold SIA Building at Robinson Road to German pension fund manager SEB for $525 million, or $1,780 per sq ft of net lettable area; whilst the most significant in

INVESTMENT SALES

INVESTMENT SALES IN 2Q 2007

Property Sector	Private Land Sales (S$ million)			Public Land Sales (S$ million)	Grand Total (S$ million)
	Non-institutional	Institutional	Sub-total		
Industrial	$32.5	$152.1	$184.6	$8.7	$193.3
Commercial	$127.6	$882.2	$1,009.8	$225.0	$1,234.8
Residential	$7,811.7	$0	$7,811.7	$709.1	$8,520.8
Hospitality	$14.1	$223.0	$237.1	$148.5	$385.6
Mixed	$0	$0	$0	$48.9	$48.9
Others	$0	$22.0	$22.0	$0	$22.0
Total	**$7,985.9**	**$1,279.3**	**$9,265.2**	**$1,140.2**	**$10,405.4**

Source: Colliers International Singapore Research

terms of unit price was that of Hong Leong's One Finlayson Green to a unit of UK-based property fund group Develica at just under $231 million or $2,650 per sq ft of net lettable area. The unit price of $2,650 per sq ft is 65.7% higher than the record price of $1,599 per sq ft of net lettable area achieved by the 99 year leasehold SGX Centre at Shenton Way in 1Q 2007, and reflects strong investor demand for office space.

Over at the public sector, the Government awarded eight sites, of which the most significant was a residential parcel at Bishan Street 22/25 awarded to Sim Lian Land for $310 million, or $375.47 per sq ft per plot ratio. The site has a maximum permissible gross floor area of 825,641 sq ft and an approved development mix comprising mainly office and residential uses with a small component of retail use.

In the quarter, the Government released the Government Land Sales (GLS) programme for 2H2007, announcing an injection of 21 new sites comprising eight residential sites, two commercial sites, four hotel sites, one white site, and six industrial sites. Inclusive of sites brought over from the 1H 2007 GLS programme, there will be a total of 16 confirmed sites and 34 reserve sites in 2H 2007.

Apart from the GLS programme, the Government also makes available other supply of land and properties, which provide additional residential, commercial and hotel space. The supply of private residential, commercial and hotel space by the Government outside of the GLS programme in the second half of 2007 is as follows:

1. Commercial space of 1.9 million sq ft in GFA, including:

   i Interim use of vacant State buildings and small land parcels for office and other commercial uses, including transitional offices (about 1.4 million sq ft);
   ii Mixed-use development at Lavender Street (about 150,695 sq ft);
   iii Fusionopolis Phase 2B at one-north (about 80,729 sq ft);
   iv Mixed-use development at Changi Business Park (about 36,597 sq ft); and
   v Localised retail facilities in parks, business parks, tourist attractions and MRT stations.

2. 800 hotel rooms; and

PUBLIC LAND SALES

PUBLIC LAND SALES IN 2Q 2007

LOCATION	USE	TENURE	GPR	PERMISSIBLE GROSS FLOOR AREA (SQ FT)	SALE PRICE (S$)	SALE PRICE (S$ PSF PPR)	AWARDED TO	SALES AGENT
Tampines St 92 / Simei Ave	Industrial	30-year	1.4	300,832	8,688,000	28.88	Storhub Self Storage Pte Ltd	URA
Tampines P15 at Tampines Grande	Commercial	99-year	4.2	361,658	225,000,000	622.13	Fairsteps Properties Pte Ltd	HDB
Belilios Rd / Klang Lane	White	99-year	3.5	116,282	48,888,888	420.43	Hotel Grand Central Ltd	URA
Tanjong Pagar Rd / Gopeng Street (A)	Hotel	99-year	8.4	214,557	123,000,000	573.27	Carlton Properties (S) Pte Ltd	URA
Fairy Point Hill	Recreation Club / Hotel	45-year	0.4	179,337	25,500,000	142.19	HG Properties Pte Ltd	URA
Boon Keng Rd (State Land Parcel Boon Keng PH1)	Residential	103-year	3.7	728,146	170,200,000	233.74	Hoi Hup Realty Pte Ltd / Sun-way Concrete Products (S) Pte Ltd / Oriental Worldwide Investments Inc	HDB
Bishan S13, Bishan St 22 / St 25	Residential	99-year	3.5	825,641	310,000,000	375.47	Sim Lian Land Ltd	HDB
Geylang S5, Dakota Crescent	Residential	99-year	3.5	437,067	228,888,000	523.69	Ho Bee Investment Ltd / Choice Homes Investments Pte Ltd	HDB

Source: URA

OFFICE

In a bid to ensure that the current cost of inflation does not set Singapore back and hurt her competitiveness, the Government of Singapore has put in place a number of initiatives to increase office supply.

3. About 120 private residential units at Sentosa Cove.

If all the land and properties made available by the Government were developed, this will add some 8,154 housing units, 7,260 hotel rooms, 5.7 million sq ft of commercial space and 3.7 million sq ft of industrial space into the market.

For the second half of 2007, the investment sales volume is expected to be sizeable, with continued albeit careful interest in residential collective sales, as well as the impending listing of more REITs preparing to list on the Singapore Stock Exchange.

OFFICE SECTOR

The severe office supply crunch worsened in 2Q 2007 as positive business outlook continued to generate robust demand. According to the Urban Redevelopment Authority (URA), net new demand of islandwide office space amounted to 1.29 million sq ft in just six months into the year, 62% higher than the net new take-up in 1H 2006. Against a contraction in net new supply of 291,000 sq ft, islandwide occupancy rate edged up by a further 1.1 percentage point in 2Q 2007 to 92.0%, the highest level since 3Q 1996.

The supply crunch was most acutely felt for Grade A office space, where the average occupancy level hit 97.7% by the end of 2Q 2007. For the second consecutive quarter, Grade A office space in the regional micro-market recorded the highest occupancy rate at 100%, followed by Grade A office space in the Marina/City Hall market with an average occupancy rate of 99.5% in the June quarter. In the Raffles Place micro-market, some 97.8% of Grade A office space was occupied as of June 2007.

The race for office space in the CBD had reached such a height amidst the supply squeeze and spiralling office rents that many firms were forced to turn to outlying office locations and business parks in search for space at more reasonable costs. This had boosted take-up of both Grade A and Grade B office space in

GOVERNMENT LAND SALES (GLS) PROGRAMME

CONFIRMED LIST FOR 2H 2007

LOCATION	SITE AREA (HA)	GROSS PLOT RATIO	TENURE	DESIGNATED USE	AVAILABLE DATE
Sembawang Park	1.35	Landed	99-year	Residential	Aug-07
Simon Road	1.75	3.5	99-year	Residential	Aug-07
Enggor Street (A)	0.3	8.4	99-year	Residential	Sep-07
Enggor Street (B)	0.28	8.4	99-year	Residential	Sep-07
Woodlands Avenue 2 / Rosewood Drive	1.6	1.4	99-year	Residential	Oct-07
Elias Road /Pasir Ris Drive 3	1.41	3.0	99-year	Residential	Oct-07
Boon Lay Way / Yuan Ching Road	2.15	3.5	99-year	Residential	Oct-07
Choa Chu Kang Road / Woodlands Road (above Bukit Panjang LRT Depot)	1.5	3.0	99-year	Residential	Dec-07
Toa Payoh Lorong 6	0.14	3.0	99-year	Commercial	Aug-07
Marina View	0.87	13.0	99-year	White	Jul-07
Race Course Road / Rangoon Road	1.35	4.2	99-year	White	Jul-07
Serangoon Central	2.5	3.5	99-year	White	Dec-07
Upper Pickering Street	0.69	4.2	99-year	Hotel	Jul-07
New Market Road / Merchant Road	0.35	3.5	99-year	Hotel	Aug-07
Sin Ming Lane	5.1	2.5	60-year	Industrial (Business 1)	Aug-07
Jalan Tepong	2.1	1.4	Until end 2030	Industrial (Business 2)	Sep-07

Source: URA

GOVERNMENT LAND SALES (GLS) PROGRAMME

RESERVED LIST FOR 2H 2007

LOCATION	SITE AREA (HA)	GROSS PLOT RATIO	TENURE	DESIGNATED USE	AVAILABLE DATE
Tampines Road	0.27	1.4 / Landed	99-year	Residential	Already available
Westwood Avenue	1.4	Landed	99-year	Residential	Already available
Simei Street 4	3.22	2.3	99-year	Residential	Already available
Jalan Jurong Kechil	1.07	1.4	99-year	Residential	Already available
West Coast Crescent	1.2	2.8	99-year	Residential	Already available
Ang Mo Kio Avenue 8	0.64	4.9	99-year	Residential	Jun-07
Alexandra Road / Tiong Bahru Road	0.89	4.9	99-year	Residential	Aug-07
Toa Payoh Lorong 2 / 3	1.4	4.2	99-year	Residential	Oct-07
Yishun Avenue 1 / Avenue 2	2.71	2.1	99-year	Residential	Nov-07
New Upper Changi Road / Tanah Merah Kechil Avenue	1.19	2.8	99-year	Residential	Nov-07
Bishan Street 14	1.2	4.9	99-year	Residential	Nov-07
Punggol Field / Punggol Road (EC)	2.27	3.0	99-year	Residential	Nov-07
Punggol Drive	1.39	3.0	99-year	Commercial & Residential	Already available
Seletar Road	0.5	2.1	99-year	Commercial & Residential	Already available
Anson Road	0.26	9.24	99-year	Commercial	Already available
Punggol Point	1.1	-	99-year	Commercial	Already available
Jalan Sultan	0.13	-	99-year	Commercial	Sep-07
Tampines Concourse	0.5	4.2	99-year	Commercial	Oct-07
Outram Road / Eu Tong Sen Street	2.48	5.6	99-year	White	Already available
Balestier Road / Ah Hood Road	0.89	3.0	99-year	Hotel	Already available
Victoria Street / Jalan Sultan	0.68	4.5	99-year	Hotel	Already available
New Bridge Road	0.45	3.5	99-year	Hotel	Already available
Victoria Street / Jellicoe Road	0.42	4.5	99-year	Hotel	Already available
Jalan Bukit Merah / Alexandra Road	0.87	2.8	99-year	Hotel	Aug-07
Jalan Besar / Sturdee Road	0.59	3.0	99-year	Hotel	Oct-07
Race Course Road / Bukit Timah Road	0.84	3.5	99-year	Hotel	Nov-07
Bernam Street / Tanjong Pagar Road	0.45	5.88	99-year	Hotel	Dec-07
Yishun Avenue 6 (Parcel 1)	1.4	2.5	60-year	Industrial (Business 1)	Already available
Commonwealth Dr/Commonwealth Lane	1.1	2.5	30-year	Industrial (Business 1)	Already available
Pioneer Road / Tuas Avenue 11	2.2	1.4	30-year	Industrial (Business 2)	Already available
Toh Tuck Avenue	1.0	1.6	30-year	Industrial (Business 1)	Aug-07
Ubi Avenue 4 / Ubi Avenue 2	1.2	2.0	60-year	Industrial (Business 1)	Oct-07
Yishun Avenue 6 (Parcel 8)	1.5	2.5	60-year	Industrial (Business 1)	Nov-07
Toa Payoh (Former Playfair Primary School)	0.8	2.5	60-year	Industrial (Business 1)	Dec-07

Source: URA

outlying regional and suburban markets, leading to an increase in their occupancy rates.

With occupancy rates of office space reaching such heights across all micro-markets, office rents could only continue to spiral upwards. The average monthly gross rents of Grade A office space in Raffles Place rose a further 19.4% in 2Q 2007 to register at $12.69 per sq ft as of June 2007, representing a surge of 222% from the market trough in 1Q 2004. With Grade A office space in the regional micro-market being fully occupied in the last two quarters, spillover demand from downtown locations had led to Grade B office space in the regional micro-market experiencing the greatest rise in rents of 32.9% in 2Q 2007, to reach an estimated $5.25 per sq ft by end-June 2007.

In line with rising rents, capital values of office space are trending up aggressively too. Average capital values of Grade A office space in Raffles Place rose 18.8% in 2Q 2007 to reach $1,951 per sq ft as of 2Q 2007. As of end-June 2007, prime freehold strata-titled office space would thus be generating a net initial yield of 6.4%.

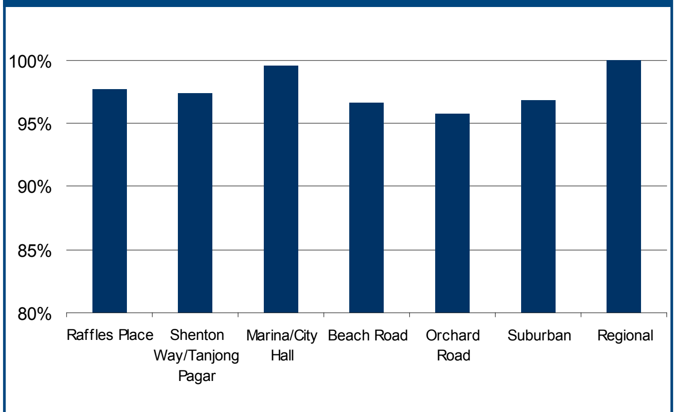
The unrelenting race for limited office space, in which little respite can be expected in the next two years, had led some large end-users looking to lock in real estate that is still on the drawing board to reserve spots in the limited number of buildings in the pipeline offering large contiguous space. For example, one third of Marina Bay Financial Centre's (MBFC) 1.66 million sq ft of office space has already been spoken for, although it is not due for completion until early 2010. Standard Chartered Bank had signed a 12-year lease tying up 24 floors of Phase 1 of the development. Mapletree Investment's office building at Harbourfront Building, which would complete in 2008, had also been fully pre-committed by Merrill Lynch.

While multinational corporations are still queuing to locate or expand their businesses in Singapore and the Republic remains an attractive magnet for professional talent from around the globe, the Government of Singapore is concerned that continued rise in office rents and price would limit their expansion plans into Singapore. In a bid to ensure that the current cost of inflation does not set Singapore back and hurt her competitiveness, the Government of Singapore has put in place a number of initiatives to increase office supply:

1. The Government announced in May 2007 that it would, with immediate effect, temporarily disallow the conversion of office use in the Central Area to other uses until 31 December 2009. This is to curb further depletion of the existing stock of office space amidst the trend towards conversion of use due to the popularity of "downtown living."

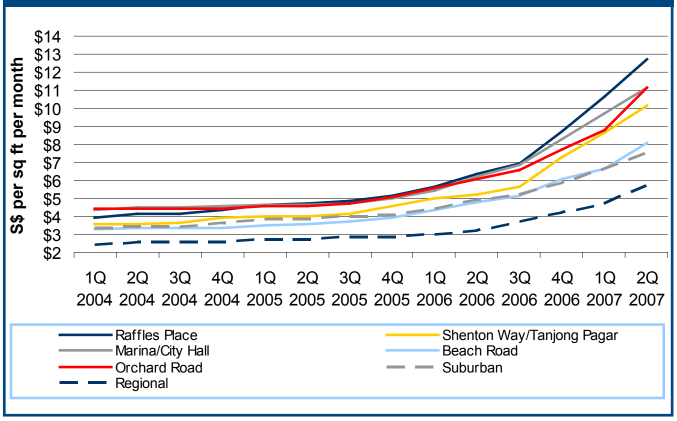
2. The Singapore Land Authority (SLA)

AVERAGE OCCUPANCY RATES OF GRADE A OFFICE SPACE AS OF 2Q 2007 (BY MICRO-MARKET)



Source: Colliers International Singapore Research

AVERAGE MONTHLY GROSS RENTS AS OF GRADE A OFFICE SPACE (BY MICRO-MARKET)



Source: Colliers International Singapore Research

MONTHLY GROSS RENTS OF OFFICE SPACE

YEAR-ON-YEAR AND QUARTER-ON-QUARTER COMPARISON OF MONTHLY GROSS RENTS OF OFFICE SPACE AS OF 2Q 2007

Micro-markets	Average Monthly Gross Rents (S$ per sq ft)			Percentage Difference	
	2Q 2006	1Q 2007	2Q 2007	YoY	QoQ
Raffles Place Grade A	$6.37	$10.63	$12.69	99.2%	19.4%
Raffles Place Grade B	$4.38	$7.25	$9.10	107.8%	25.5%
Shenton Way Grade A	$5.23	$8.67	$10.15	94.1%	17.1%
Shenton Way Grade B	$4.48	$7.43	$8.37	86.8%	12.7%
Marina / City Hall Grade A	$6.22	$9.72	$11.17	79.6%	14.9%
Orchard Road Grade A	$6.08	$8.78	$11.15	83.4%	27.0%
Orchard Road Grade B	$5.30	$6.83	$8.21	54.9%	20.2%
Beach Road Grade A	$4.77	$6.63	$8.07	69.2%	21.7%
Beach Road Grade B	$3.21	$5.19	$6.01	87.2%	15.8%
Regional Grade A	$3.25	$4.75	$5.75	76.9%	21.1%
Regional Grade B	$2.58	$3.95	$5.25	103.5%	32.9%
Suburban Grade A	$4.91	$6.76	$7.48	52.3%	10.7%
Suburban Grade B	$2.92	$4.25	$4.87	66.8%	14.6%

Source: Colliers International Singapore Research

has identified several State properties to be tenanted out for office use only. This is the first time that the SLA has placed State properties solely for office use. An estimated gross floor area of 462,848 sq ft has been launched and awarded in 1H 2007; more may be released in the latter part of 2007, pending the response of the market to these properties.

3. In the 2H 2007 GLS programme, the Government had made available commercial and white sites with possible office components in both the confirmed list as well as the reserved list. These sites could yield a potential of some 1.48 million sq ft of office space over the next five years. If all were sold and developed, this is equivalent to 2.1% of the current office stock of 70 million sq ft as of 2Q 2007.

4. On 14 June 2007, the Ministry of National Development (MND) announced that the Government would make available some 1.9 million sq ft of commercial space on top of the GLS programme. Some of this will come in the form of transitional offices. The features of future transitional offices are likely to be mirror images of the first transitional office site at Scotts Road launched on 14 July 2007. These features will include short tenures of 15 years and low-rise developments of about three to four storeys that will require short construction periods of about one year.

5. In addition to increasing office space, the Government is also making available more alternatives for office space in the form of business park space – a highly preferred alternative for office space particularly for the backroom operations of financial institutions. JTC announced on 4 July 2007 that it would allocate a number of business park sites in the next few months, which will add another 1.29 million sq ft to the existing 2.69 million sq ft of business park space in the pipeline.

Although with these measures, office space in the pipeline could potentially be boosted to some 8.9 million sq ft in all, only 2.2 million sq ft or an annual average of 894,691 sq ft are due to come on stream between 2H 2007 and 2009. This falls short of the last three years' average annual net absorption of 1.8 million sq ft and last year's annual net absorption of 2.4 million sq ft.

Hence, the supply shortage will persist over the next two-and-a-half years and as such, office rents are expected to reach further highs. Grade A office rents in Raffles Place could chalk up growth of another 30% in 2H 2007, whilst capital values are forecast to rise by a slower 20%.

RETAIL

... two major prime retail developments known as ION Orchard and Orchard Central are scheduled for completion 2008. They are set to redefine the retail playground of the Orchard Road shopping belt with hip and trendy flagship and concept stores.

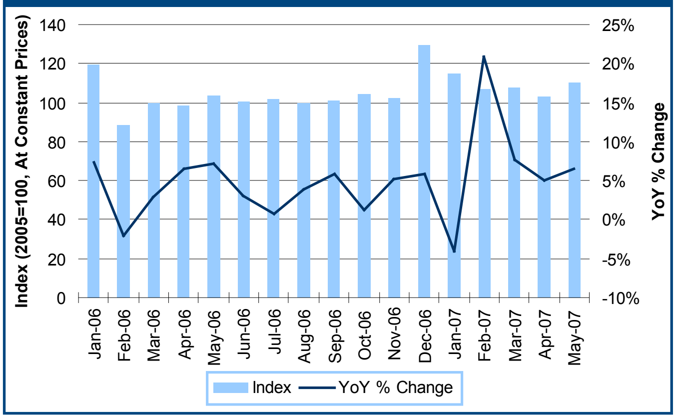
RETAIL SECTOR

After a volatile 1Q 2007, where the retail sales index (excluding motor vehicles) roller-coasted from a YoY contraction of 4.1% in January to 20.9% expansion in February and 7.6% growth in March, the retail industry was relatively stable in the first two months of 2Q 2007. Retail sales index (excluding motor vehicles) rose 5.1% and 6.5% on a YoY basis in April and May respectively. The launch of the eight-week long Great Singapore Sale (GSS) on May 25, coupled with the mid-year school holiday as well as the rush for purchases prior to the hike in the Goods and Services Tax from 5% to 7% in July, were likely factors to have boosted the retail sales index for the month of June. Already, the first month of GSS had seen MasterCard credit card holders alone chalking up sales amounting to more than S$268.8 million (US$179.2 million), 43% more than the amount spent during the same period last year.

The tourism industry maintained its growth momentum in the first six months of the year despite witnessing a slight setback in the month of April in which visitor arrivals dipped marginally by 0.2% on a YoY basis. Visitor arrivals rebounded, with growth surging by 7.0% and 7.5% in May and June respectively. In the first six months of 2007, Singapore had already received some 4.92 million visitor arrivals, reflecting a healthy 4.9% growth as compared with the same period in 2006.

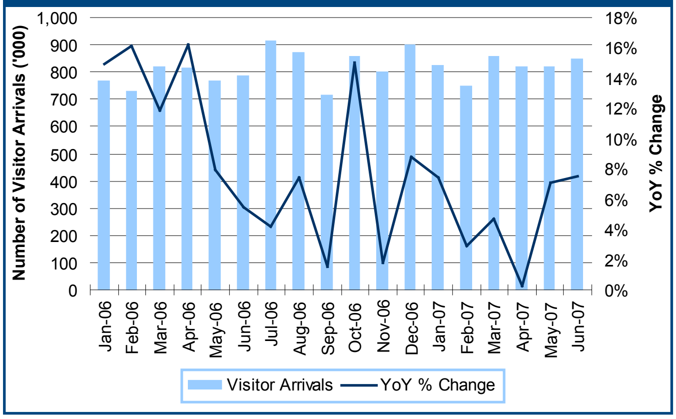
Demand for retail space was strong in 2Q 2007. Net absorption of retail space in the quarter amounted to some 75,000 sq ft compared to a contraction of 129,000 sq ft in 1Q 2007. Both foreign and local retailers continued to set up stores or expand in Singapore. For example, the quarter saw retailers such as Bulgari, Ermenegildo Zegna, Van Cleef & Arpels, Bottega Venneta, Promod and Roots set up shop or increased their presence in Singapore. Home grown retailer the Robinsons Group expanded with a 60,000 sq ft (net lettable area) JL Marina Square store in Marina Centre, whilst the BreadTalk Group opened its third successful concept food court, Food Republic, spanning some 15,000 sq ft (net lettable area) of retail space in the Suntec Convention Hall at Suntec City.

PERFORMANCE OF RETAIL SALES (EXCLUDING MOTOR VEHICLES)



Source: Department of Statistics, Singapore / Colliers International Singapore Research

PERFORMANCE OF TOURISM INDUSTRY



Source: Singapore Tourism Board / Colliers International Singapore Research

MONTHLY GROSS RENTS OF PRIME RETAIL SPACE

AVERAGE MONTHLY GROSS RENTS OF PRIME RETAIL SPACE

Location	Average Monthly Gross Rents (S$ per sq ft per month)		QoQ % Change
	1Q 2007	2Q 2007	
Orchard Road	$40.50	$40.75	0.6%
Secondary CBD	$32.25	$32.50	0.8%
Regional Centres	$31.00	$31.00	0.0%

Source: Colliers International Singapore Research

In contrast to the growing demand for retail space, supply of retail space contracted by 65,000 sq ft in 2Q 2007. As a result, the average occupancy rate of retail space edged up by 0.3 percentage point in the quarter to register at 92.8% as of June 2007. In line with tightening occupancy rates, rents of retail space continued to trend upwards. In 2Q 2007, average monthly gross rents of prime retail space in Orchard Road and secondary CBD areas edged up by 0.6% and 0.8% to $40.75 per sq ft and $32.50 per sq ft per month, compared to $40.50 per sq ft and $32.25 per sq ft in 1Q 2007 respectively. Average monthly gross rent of prime retail space in the regional centres remained at its 1Q 2007 level of $31.00 per sq ft per month.

An estimated 9.53 million sq ft of new retail space could potentially come on stream between 2H 2007 and 2011. This comprises retail developments on commercial sites or other sites with a retail component already sold to developers from the GLS programme, commercial sites or other sites with a retail component under the 2H 2007 GLS Confirmed List, commercial sites or other sites with a retail component under the 1H 2007 GLS Reserved List that have been activated with an initial application and that will be launched for public tender, commercial sites or other sites with a retail component under the 2H 2007 GLS Reserved List and other sites with a retail component to be allocated by the Government outside of the GLS programme, and known retail development of private sites.

Of this, some 340,103 sq ft from the new Leisure Park Kallang at 5 Stadium Walk and e!Hub at Downtown East in Pasir Ris is scheduled for completion in 2H 2007. In addition, two major prime retail developments known as ION Orchard and Orchard Central are scheduled for completion in 2008. They are set to redefine the retail playground of the Orchard Road shopping belt with hip and trendy flagship and concept stores. ION Orchard (663,000 sq ft of net lettable area), located at Orchard Turn, will house about 400 retail, food and beverage and entertainment outlets over eight levels. Some 60% of the tenants will either be new to Singapore, trying out new concepts or opening a flagship store. There will also be six duplex flagship stores from top luxury brand retailers. On the other hand, Orchard Central, situated at Orchard Road/Killiney Road, will house 400 retail and food outlets over 13 levels. Within the 250,000 sq ft (net lettable area) mall, there will be multi-level shop spaces for flagship and concept stores in different unique clusters catering for the urban shoppers.

Whilst supply is set to grow, demand for retail space will not be lagging. In the quarter, the Government continued with its effort to elevate Singapore's tourism industry to a higher level. Its new initiative to play host for one of the world's most influential sports events, Formula One (F1) Grand Prix night racing for five years from 2008 in the Marina area, is expected to attract at least some 40,000 mid- to high-profile racing enthusiasts from around the world to Singapore each year.

The steady growth in tourist arrivals and upbeat consumer confidence will continue to attract strong interest by international retailers who wish to have a footprint in the prime locations of Singapore's retail industry. Take-up rate of prime retail space is thus expected to remain at a healthy level, providing support for prime retail rents to continue to trend up by 3% to 5% in 2H 2007.

INDUSTRIAL

… interest was quickly spawning for light, modern industrial premises located just outside the CBD area, clustering along Alexandra Road, Delta Road and Jalan Kilang, … rivalling established prime locations in Kallang/MacPherson and Ubi/Kaki Bukit.

INDUSTRIAL SECTOR

The industrial property sector showed certain growth in the second quarter of 2007 with sharp escalations in both rents and prices in the period. The URA's rental index took the sharpest QoQ rise of 7.7% since 3Q 1990, whilst the price index rose by 8.2% QoQ, the strongest since 2Q 2002.

Colliers International's research showed that amongst the various industrial property types, average monthly gross rents of hi-specs space saw the strongest increase of up to 19.5% over the last quarter to reach $2.63 per sq ft per month for ground floor space and $2.43 per sq ft per month for upper floor space.

Average monthly gross rents of prime freehold factory space followed closely with a 13.7% increase over last quarter in upper floor space to reach $1.49 per sq ft per month, whilst ground floor space only increased 1.8% to reach $1.74 per sq ft per month. This is in line with the increase of offices-like users, which typically preferred upper floors over ground floor space for more privacy and better views, unlike industrial users who prefer ground floor space for ease of loading and unloading and/or showroom usage.
Average monthly gross rents of warehouse space grew moderately by up to 4.1%, reaching $1.68 per sq ft per month for ground floor space and $1.27 per sq ft per month for upper floor space.

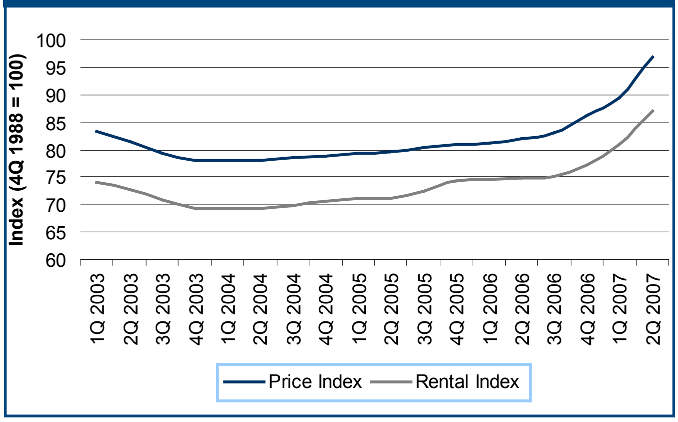
Average capital values of prime freehold industrial properties saw a strong surge of up to 16.7% from the previous quarter. Capital values of prime freehold factories averaged at $505 per sq ft for ground floor space and $367 for upper floor space, whilst those of prime freehold warehouses averaged at $450 per sq ft for ground floor space and $329 for upper floor space.

The surge in rents and prices is directly attributed to demand for industrial space surpassing supply in the 2Q 2007. Net new demand for the period stood at 3.5 million sq ft, whilst that of net new supply stood at 2.8 million sq ft, driving occupancy upwards to 90.6%, up from 90.3% in the last quarter.

Occupancy rates of the various types of industrial properties, with the exception of business park space, saw a moderate rise over the last quarter. Business park space had a sharp 4.4 percentage point drop from the last quarter, and achieved the lowest occupancy rate of 82.7% amongst all the industrial space in 2Q 2007. This was mainly attributed to a significant volume of business park space completion in the period, resulting in a net new supply of 1.4 million sq ft in 2Q 2007, equivalent to some 61.2% of the entire business park net new supply since 4Q 2002.

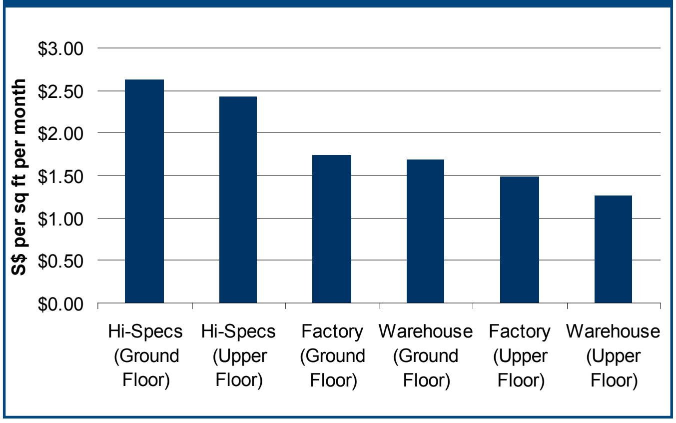
New completion of business park space included Soilbuild's 178,000 sq ft hi-tech building

PRICE AND RENTAL INDICES OF ISLANDWIDE INDUSTRIAL SPACE



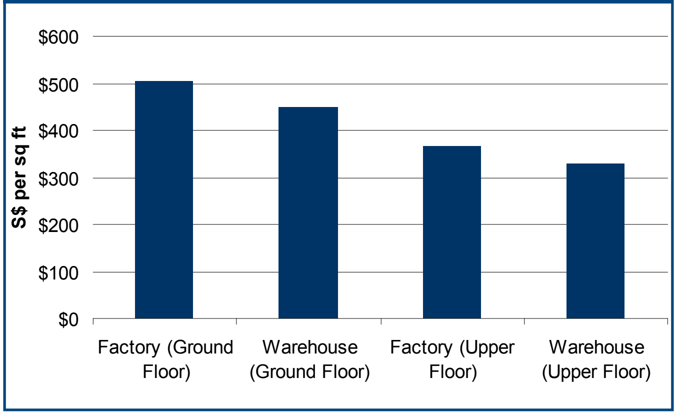
Source: URA / Colliers International Singapore Research

AVERAGE MONTHLY GROSS RENTS OF PRIME INDUSTRIAL SPACE AS OF 2Q 2007



Source: Colliers International Singapore Research

AVERAGE CAPITAL VALUES OF PRIME INDUSTRIAL SPACE AS OF 2Q 2007



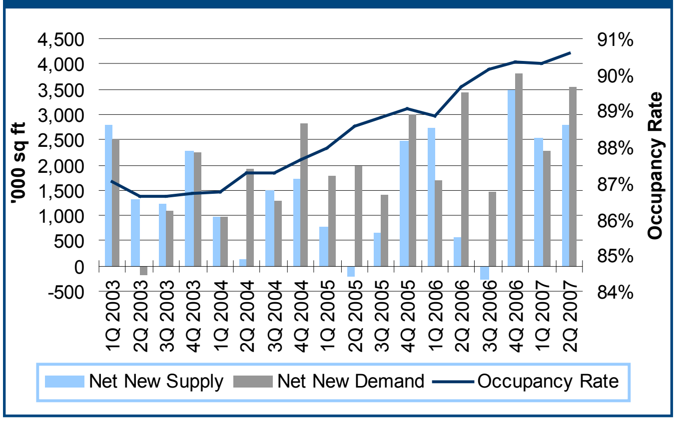
Source: Colliers International Singapore Research

Eightrium @ Changi Business Park and Xilinx's 185,139 sq ft business park development at Changi Business Park.

Demand for industrial space was fuelled strongly by spillover demand from office users who remain badly hit by escalating office rents caused by the office supply crunch. Whilst hi-specs space has already earlier benefited from this spillover demand, interest was quickly spawning for light, modern industrial premises located just outside the CBD area, clustering along Alexandra Road, Delta Road and Jalan Kilang. This cluster is now fast rising in significance as the new industrial "prime location," rivalling established prime locations in Kallang/ MacPherson and Ubi/Kaki Bukit. Industrial buildings in this new prime location would include relatively new or refurbished factory buildings such as e-Centre, Pacific Tech, Cendex and Comtech. Typically, these industrial buildings have office-like facades, sufficient electrical power to enable air-conditioning in individual factory units although there may not be air-conditioning in common areas, more office-like tenants such as from the media and IT industries, and are well-supported by commercial amenities. Although considered as a notch below hi-specs buildings in terms of building specifications, these modern, light industrial premises in the new prime location are quickly growing in their popularity amongst end-users as functional pseudo-offices space for their considerable proximity to the CBD as compared to more established hi-specs and business park spaces, and their availability for strata-titled sale - an alternative to leasing in the current market.

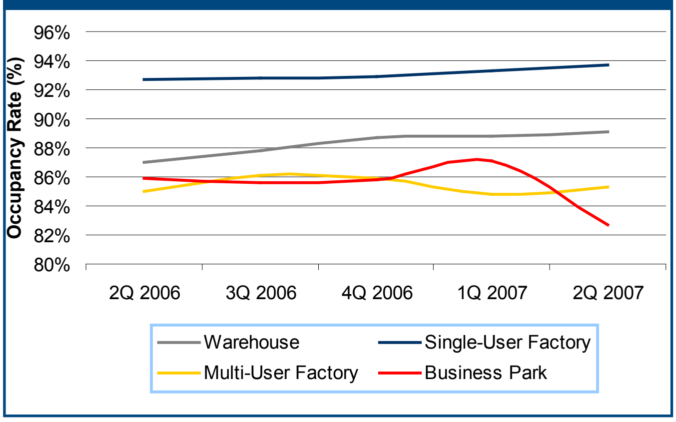
In addition, the demand for industrial premises saw an increase in sizeable transactions in terms of floor area taken up, as companies were more

NET NEW SUPPLY, DEMAND AND OCCUPANCY RATE OF ISLANDWIDE INDUSTRIAL SPACE



Source: URA / Colliers International Singapore Research

BREAKDOWN OF OCCUPANCY RATE OF INDUSTRIAL SPACE



Source: URA / Colliers International Singapore Research upbeat in expanding their businesses. Some of these sizeable leasing transactions included Mach Media Pte Ltd that took up some 34,484 sq ft of space at 15 Tai Seng Drive, Motorola Electronics that took up some 30,542 sq ft of factory space at 12 Ang Mo Kio Street 65, DHL Exel that took up 25,500 sq ft at 5 Changi South Lane, Brightpoint Singapore Pte Ltd that took up 23,800 sq ft at 50 Alps Avenue and FPIL Logistics that took up 22,000 sq ft at 7 Tuas Avenue 1. Most of these transactions were for high-specs and warehousing space, in tandem with the growing demand for such space.

Moving forward, the outlook for demand for industrial space in the second half of 2007 is positive, in tandem with an expected stronger showing in manufacturing output in the second half of the year - thanks to a projected rebound in global demand for electronic products and stronger orders for big-ticket items like oil rigs. The drop in occupancy of business park space in the quarter is seen as a momentary setback due to the completion of a significant volume of hi-specs space and demand is expected to be able to absorb the supply in the short term, particularly when the office supply crunch will not see significant relief for the next two years.

As a result, rents of warehouses and hi-specs space would continue to lead rental growth increases by up to 20%, whilst those of conventional factories in prime locations are expected to see increases of up to 10% for the second half of 2007. Capital values of industrial properties are expected to see moderate increase of some 10% in the same period.

RESIDENTIAL SECTOR

The confidence and surge in home prices had spread beyond the prime districts to other locations resulting in a relatively even performance being recorded for non-landed residential properties across all regions in 2Q 2007. URA's price indices for three regions, namely Core Central Region (CCR) covering districts 9, 10, 11, Downtown Core and Sentosa; Rest of Central Region (RCR) and Outside Central Region (OCR), showed that the average prices of non-landed residential properties in these regions rose by between 7.2% and 8.1% on a QoQ basis in 2Q 2007.

The even price growth for properties across all regions is a positive development for the residential property market as it not only confirmed months of widespread anticipation of the mass-market sector's recovery but it also implies that there is now greater uniformity in wealth creation across all tiers. Particularly, existing homeowners in the OCR who are still saddled with negative debt-equity on their home mortgages would have much to cheer now that the recovery at the mass-market level is evident. There is now greater prospect of them emerging out of the negative debt-equity situation soon.

The quarter's strong recovery in average prices of non-landed residential properties in the OCR could be attributed to improving economic fundamentals, the filtering down effects from the higher tiers, strong demand due to housing crunch in the prime districts, as well as demand from collective-sale hopefuls for non-landed

PRICE INDICES OF NON-LANDED PROPERTIES

QUARTER-ON-QUARTER CHANGE IN PRICE INDICES OF NON-LANDED PROPERTIES BY LOCALITY

Period	Core Central Region			Rest of Central Region			Outside Central Region		
	All	Uncompleted	Completed	All	Uncompleted	Completed	All	Uncompleted	Completed
1Q 2007	5.5%	7.3%	3.1%	3.7%	4.2%	2.8%	2.0%	1.4%	2.2%
2Q 2007	7.9%	7.1%	8.5%	8.1%	7.9%	8.8%	7.2%	6.6%	8.0%

Source: URA

RESIDENTIAL

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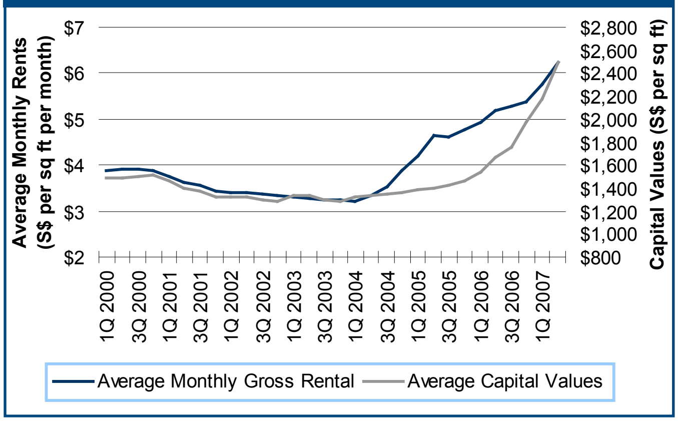
homes in the OCR. Based on observations of caveats lodged in 1Q and 2Q 2007, old developments with collective-sale potential such as Neptune Court, Ivory Heights, Laguna Park, Lakepoint Condominium, Clementi Park, Cashew Park and Ocean Park were amongst the top 20 non-landed developments which chalked up the highest price growth in 2Q 2007. These developments recorded price growth ranging between 30% and 60% in 2Q 2007 alone compared to 1Q 2007.

Another notable market development in 2Q 2007 was the larger jump in prices seen for completed non-landed residential properties over their uncompleted counterparts for the first time in at least the last two years. In the second quarter, completed apartments and condominiums located in CCR, RCR and OCR rose by 8.5%, 8.8% and 8.0% respectively, compared to the corresponding price increases of 7.1%, 7.9% and 6.6% for uncompleted non-landed properties. Typically, the preference and stronger demand for new homes tend to result in higher price increases for uncompleted properties. The reverse trend observed in 2Q 2007 across all markets is reflective of the urgent demand for immediate replacement units in completed properties by displaced homeowners of collective sales. The strong leasing demand, contributed in part by both displaced and new tenants in a market facing an acute supply crunch, had led to escalating rents of non-landed residential properties in 2Q 2007. This has in turn exponentially increased the attractiveness of completed properties for investors, thereby further boosting demand and prices for completed non-landed properties.

Indeed, URA's rental index showed that average rents of non-landed residential properties rose by 12.0% in CCR, 10.0% in RCR and 9.4% in OCR in 2Q 2007. Colliers International's research showed that average monthly gross rents of luxury apartments had soared by 93.9% since the market turned around in 2004. They averaged at $6.23 per sq ft as of end-June, 7.9% higher than the level recorded in the preceding quarter and surpassing the peak level of $5.95 per sq ft in 1Q 1996 by 4.6%.

The outstanding performance across all segments of the residential market in 2Q 2007 was in part supported by continued project launches by developers. Some 4,362 housing units were released by developers in the primary market in the June-quarter, marginally higher than last quarter's record high of 4,259 units. Suburban homes in the OCR dominated the project launches in the second quarter, constituting some 49% or 2,146 units of total units launched. Launches in the CCR made up a lower share of 20%. Of the 4,362 new uncompleted units released for sale during the quarter, 3,631 units or 83.2% were taken up, higher than the absorption rate of 79.2% registered in 1Q 2007.

AVERAGE CAPITAL VALUES AND MONTHLY GROSS RENTS OF LUXURY APARTMENTS



Source: Colliers International Singapore Research

MAJOR PROJECTS LAUNCHED

SELECTED MAJOR PROJECTS LAUNCHED IN 2Q 2007					
DEVELOPMENT	LOCATION	TENURE	DEVELOPER	AVERAGE LAUNCH PRICE ($ PER SQ FT / PER UNIT)	TOTAL NUMBER OF UNITS IN DEVELOPMENT
NON-LANDED					
Suites @ Cairnhill	Anthony Road	Freehold	Hoi Hup Realty	$2,550	48
Reflections	Keppel Bay	99-year	Keppel Land	$1,900	1,129
Thomson V	Sin Ming Road	99-year / Freehold	Macly Group	Leasehold - $760 Freehold - $880	95
Seafront @ Meyer	Meyer Road	Freehold	CapitaLand	$1,400 - $1,500	327
Parc Mondrian	Woodleigh Close	Freehold	Bukit Sembawang Estates Limited	$650 - $720	100
Casa Merah	Tanah Merah	99-year	NTUC Choice Homes & Wing Tai Holdings	$588	556
Montebleu	Minbu Road / Martaban Road	Freehold	Soilbuild (Blueteak) Development Pte Ltd	N.A.	151
Parkview Eclat	Grange Garden	Freehold	Chyau Fwu Group	$3,000	35
Leonie Parc View	Leonie Hill	Freehold	Soilbuild	$2,600 - $3,000	44
Botannia	West Coast Park	956-year	CDL & CapitaLand	$690	493
Northwood	Jalan Mata Ayer	Freehold	UIC Limited	$600	140
Palm Vista	Lorong H Telok Kurau	Freehold	World Class Land Pte Ltd	$800	32
Prestige Residence	Lorong G Telok Kurau	Freehold	Fragrance Land Pte Ltd	$850	16
The Clift	McCallum Street	99-year	Far East Organization	$1,950 - $2,900	312
The Riverine By The Park	Kallang Riverside Park	Freehold	Wing Tai Holdings	$1,300	95
Pristine Heights	Mergui Road	Freehold	Fragrane Land Pte Ltd	$950	60
The Marq	Paterson Hill	Freehold	SC Global	$4,137	66
Duchess Residences	Duchess Avenue	999-year	UOL & Low Keng Huat	$2,000	120
Helios Residences	Cairnhill Circle	Freehold	Wing Tai Holdings	$3,000	140
D'Oasia	Lorong Melayu	Freehold	Monfort Land	$950	32
Cliveden	Grange Road	Freehold	CDL	$3,600	110
Paterson Suites	Lengkok Angsa / Paterson Road	Freehold	Bukit Sembawang View Pte Ltd	$2,900	102
Bluwaters 2	Jalan Loyang Bersah	Freehold	Novelty Capital Pte Ltd	$780	71
Caserio @ Dunman	Dunman Road	Freehold	Scan-Bilt Development Pte Ltd	$850	15
City Vista Residences	Peck Hay Road	Freehold	PH Properties Pte Ltd	$2,600	70
Mackenzie 88	Mackenzie Road	Freehold	Galaxy Homes Pte Ltd	$1,380	55
Residences @ Somme	Pertain Road	Freehold	Splot Pte Ltd	$840	28
The Marque @ Irrawady	Irrawady Road	Freehold	Roxy Homes Pte Ltd	$1,100	48
The Medley	Lorong G Telok Kurau	Freehold	Roxy Homes Pte Ltd	$760	37
LANDED					
Dalla Vale	Springleaf Avenue	Freehold	Far East Organization	$2.08 mil-$2.275 mil	60
Dunsfold 18	Lorong Chuan / Dunsfold Drive	Freehold	Fortune Land Pte Ltd	$3.08 mil-$3.56 mil	18
Medalion	Braddell Road	Freehold	The Heritage Group	$2.3 mil	16
Pavilion Park Phase 2	Bukit Batok	Freehold	Allgreen Properties	Terrace - $1.4 mil Semi-detatched - $1.8 mil-$2.12 mil	43

Source: Colliers International Singapore Research

In the mass market, three major projects – Casa Merah near to the Tanah Merah MRT Station, Parc Mondrian at Woodleigh Close and Northwood at Jalan Mata Ayer were fully sold within a few weeks of their launch. Mid-tier and high-end projects such as The Seafront @ Meyer, Riverine By The Park and Reflections At Keppel Bay also saw brisk sales during the quarter.

While the vigour of the luxury tier had spilled over to the rest of the market, the luxury segment did not lose its shine in the quarter. Developers of luxury projects continued to test the market with ever-rising launch prices and the average launch price of $4,000 per sq ft level was finally crossed in the quarter by SC Global's The Marq at Paterson Hill. 22 units of the 66-unit project were first previewed at an average price of $3,800 per sq ft, which was subsequently raised to $4,137 per sq ft. All 22 units launched had found buyers and a unit was sold at a benchmark price of $5,100 per sq ft. As of 2Q 2007, average capital values of luxury apartments had reached $2,495 per sq ft, representing a 14.7% jump from the preceding quarter's $2,176 per sq ft.

In the secondary market, subsales momentum gathered speed during the June quarter. Islandwide subsale activities rose 67.4% to 1,254 units, accounting for 9.7% of total private housing deals in the quarter. During the same period last year, such deals made up just 2.6% of the pie. Nevertheless, the level of subsale deals were way under the speculative fever that raged in 2Q 1996, when 28% of total private residential transactions involved subsale deals. Of the 1,254 subsale transactions, 54% were in the CCR, 33% in the RCR and 13% in the OCR. Although the proportion of subsales deals against total private residential transactions in OCR was on the rising trend, the level was still at a moderate 3.1% as compared to 19.4% for the CCR and 10.4% for the RCR. This indicates that speculative activity at the mass-market tier is still well under control.

Against a backdrop of increasing housing prices and rents across all segments, the Government put in place a series of measures in an attempt to improve demand and supply imbalances and market efficiency. These include increasing land supply and, making available more complete price, rent and sale information. Such measures should put potential homebuyers in good stead to protect themselves against panic buying and unnecessary price pressure from sellers and housing agents.

The overall impact should be a healthy market with gradual price increase in the region of 5% to 8% per quarter for non-landed residential properties across all regions for the coming quarters. URA's all-residential property price index is forecast to increase by 25% to 30% for the whole of 2007. Average monthly gross rents of luxury non-landed properties are also expected to increase by between 30% and 35% this year.

267 OFFICES IN 57 COUNTRIES ON 6 CONTINENTS

USA 95
Canada 17
Latin America 17
Asia Pacific 53
EMEA 85

US$1.6 billion in annual revenue

673 million square feet under management

10,171 Professionals

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