COLLIERS INTERNATIONAL | SINGAPORE

The Knowledge Report

MARKET OVERVIEW | OCTOBER | 2007

MARKET INDICATORS

	3Q 2007 RENTS	3Q 2007 CAPITAL VALUES
OFFICE	↑	↑
RETAIL	↑	↑
INDUSTRIAL	↑	↑
RESIDENTIAL	↑	↑

Property Market Overview

ECONOMY

The Singapore economy powered ahead in 3Q 2007, expanding by 9.4% on a year-on-year (YoY) basis, based on advanced estimates by the Ministry of Trade and Industry (MTI).

The manufacturing sector expanded by 12.3% YoY in 3Q 2007, 4-percentage points higher than 2Q 2007's 8.3% YoY growth. Growth of the sector was led by the biomedical and transport engineering cluster.

The construction sector continued to expand albeit at a slower pace of 15.5% compared to the last quarter's blistering growth of 18.8%.

The services producing industries' growth eased to 8.1% YoY in 3Q 2007 from 8.4% YoY in the previous quarter. Growth was led by the financial services sector.

With such strong showings, Singapore's economy is on track to achieving the higher end of the MTI's forecast of between 7.0% and 8.0% for 2007 as a whole.

ECONOMIC INDICATORS

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

	3Q 2006	4Q 2006	2006	1Q 2007	2Q 2007	**3Q 2007***
Overall GDP	7.0	6.6	7.9	6.5	8.7	**9.4**
Goods Producing Industries:						
Manufacturing	9.5	7.7	11.5	4.3	8.3	**12.3**
Construction	5.8	4.7	2.7	13.1	18.8	**15.5**
Services Producing Industies	6.3	6.6	7.0	7.4	8.4	**8.1**

*Advanced estimates

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

INVESTMENT SALES

The robust investment sales momentum of 3Q 2007 was largely steered by active land acquisitions by developers in the public sector, supported by the line up of attractive development sites launched by the Government in the Government Land Sales (GLS) programme for the year.

INVESTMENT SALES

The investment sales market continued to race ahead in 3Q 2007, setting yet another quarterly sales value benchmark of $13.4 billion, 22.4% higher than the $10.9 billion set in the previous quarter. This was in spite of the relatively unfavourable investment sales environment, characterised by the onset of US sub-prime mortgage woes that rocked the global financial markets, the hike in development charge (DC) rates by up to 128% in two separate exercises, as well as the impending implementation of changes to collective sale legislation which eventually took official effect on 4 October 2007.

The robust investment sales momentum of 3Q 2007 was largely steered by active land acquisitions by developers in the public sector, supported by the line up of attractive development sites launched by the Government in the Government Land Sales (GLS) programme for the year. The public sector accounted for 39.2%, or $5.2 billion, of total investment sales in 3Q 2007, up from the 10.4%, or $1.1 billion, in 2Q 2007. Private investment sales slowed from $9.8 billion in the last quarter to $8.1 billion, or 60.8%, of total investment sales in the quarter ending September.

The most notable transactions in the public sector were the award of a white site in Marina View at a record top bid of $2.02 billion, or $1,409 per sq ft per plot ratio, to Macquarie Global Property Advisers (MGPA), and a commercial site at Beach Road which was awarded to a consortium comprising City Developments Limited, the Istithmar Group and the EL-Ad Group for $1.69 billion, or $1,069 per sq ft of potential gross floor area. A 40-storey office building is likely to be built on the Marina View site, while a new development called South Beach, featuring two striking towers of 45 and 42 storeys, plus the restored military buildings of the old Beach Road Camp, will be built on the site at Beach Road. The Beach Road project will boast premium office space, two hotels, shops and city residences.

On a sectorial basis, the commercial sector was the star performer in investment sales in 3Q 2007. The sales value of commercial properties sold on an en-bloc basis increased by almost five times, from last quarter's value of $1.2 billion, to this quarter's $6.0 billion. The shortage of office space across the island that has led to spiralling office rents and capital values has at the same time drawn more investment from REITs and funds into Singapore office blocks. Indeed, institutional investors dominated office investment sale activities during the quarter, taking up a large 47.9% share of the total $6.0 billion amassed.

The most significant private investment commercial deals in the third quarter were the separate sales by Keppel Land and Cheung Kong Holdings of their one-third stakes in One Raffles Quay (ORQ) to Keppel REIT Asia and Suntec REIT respectively, for $941.5 million each. Combined, the transactions involving ORQ were worth some $1.9 billion in value. The next most notable commercial transaction in terms of absolute value was the

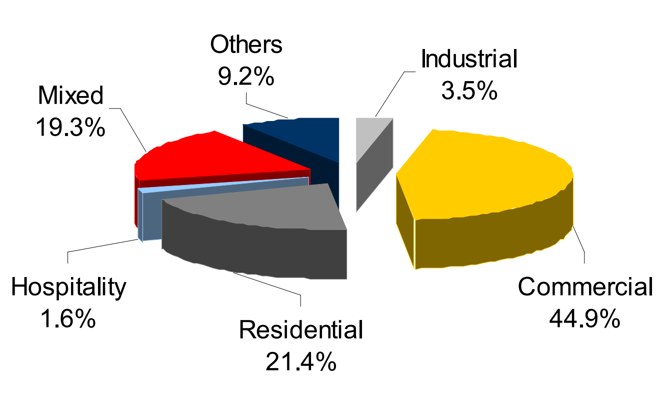
INVESTMENT SALES

INVESTMENT SALES IN 3Q 2007

Property Sector	Private Land Sales ($ million)			Public Land Sales ($ million)	Grand Total ($ million)
	Non-institutional	Institutional	Sub-total		
Industrial	$112.7	$305.2	$417.9	$45.7	$463.6
Commercial	$755.4	$2,875.0	$3,630.4	$2,370.9	$6,001.3
Residential	$1,990.2	$619.8	$2,160.0	$253.6	$2,863.6
Hospitality	$119.1	$0	$119.1	$97.1	$216.2
Mixed	$111.5	$0	$111.5	$2,473.2	$2,584.7
Others	$459.0	$774.6	$1,233.6	$0	$1,233.6
Total	**$3,547.9**	**$4,574.6**	**$8,122.5**	**$5,240.4**	**$13,362.9**

Source: Colliers International Singapore Research

COMPOSITION OF INVESTMENT SALES BY VALUE IN 3Q 2007



Source: Colliers International Singapore Research

INVESTMENT SALES
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sale of the 99-year leasehold Chevron House (former Caltex House) to Goldman Sachs for $730 million. The sale also raised some interest in the market as not only was the deal sizeable, but it also set a new benchmark price of $2,780 per sq ft of net lettable area. Meanwhile, CapitaLand gained ownership of One George Street, and 163 strata-titled office and retail units in The Adelphi by acquiring Eureka Gmbh's entire stake in Eureka Office Fund Pte Ltd (EOF) for $590.6 million, based on an agreed value of $2,700 per sq ft for One George Street and $1,300 per sq ft for the units in The Adelphi.

Unlike the commercial sector, which emerged unscathed amidst the financial market turmoil and DC rates hike, the residential market suffered a beating. For the first time in at least the last two years, the residential sector did not take the top spot in investment sales in 3Q 2007. Total sales of residential investment properties dived to $2.9 billion or 21.4% of total sales between July and September. This reflects a significant 68.3% drop from last quarter's record $9.0 billion which accounted for 82.7% of total investment sales in 2Q 2007.

Collective sale activities in particular slowed down considerably in 3Q 2007, when a total of 22 collective sale transactions worth $1.2 billion, or 46.3% of total private residential investment sales, were closed. This was a significant decline from the $6.5 billion achieved from the 41 collective sale deals recorded in the previous quarter. The sale of Tulip Court to Bravo Building Construction was the most sizeable collective sale (in terms of absolute value and size of site) concluded in the quarter. The 164-unit estate on Farrer Road was transacted at $516 million, or $1,018 per sq ft per plot ratio, for the 316,709-sq ft site. Heeton Holdings bought Grange Court for $1,706 per sq ft per plot ratio, the highest unit land price recorded in the quarter. The trend, where developers continued to land bank at record high prices in the previous quarters, was evidently not repeated in this quarter.

Soaring land prices, the 128% hike in DC rates for non-landed residential use, global credit tightening, as well as the impending implementation of changes to the Land Titles (Strata) (Amendment) Act governing collective sales put developers and investors in a cautionary mood with respect to acquisition of collective sale sites. Attention was thus shifted to bulk-purchase of strata residential units. 180 units at the Costa Del Sol condominium at Bayshore Road were understood to have been bought by an entity held by Ong Beng Seng and his family for $200.77 million. At The Reflections at Keppel Bay, 56 units were sold to the Al-Nibras Islamic Real Estate Fund for $286 million. Additionally, all 61 units in M21 at Mandalay Road were reportedly sold to a fund representing US and UK investors for a total consideration of $100 million.

The industrial investment sales market managed to bring in some $463.6 million in the third quarter, mainly boosted by the REIT-related acquisitions. MacarthurCook Industrial REIT accounted for the bulk of industrial sales in 3Q 2007, as it bagged two properties in the International Business Park and Clementi Loop for a total of $109.3 million. Cambridge

Industrial Trust also purchased IPT Property, Natural Cool Building and 120 strata units in Enterprise Hub for $108.5 million. Mapletree expanded its portfolio size and value by $62.4 million via the purchase of six warehouse properties.

A noteworthy development in the private investment sales market from July to September was the listing of the healthcare REIT in August 2007 – Parkway Life REIT – with an initial portfolio of $774.6 million comprising Mount Elizabeth Medical Centre, Gleneagles Hospital and East Shore Hospital.

The bullish bids for the GLS sites in 3Q 2007 were a continuing vote of confidence by major market players and investors in the mid-to-long term prospects of Singapore. In fact, Singapore was voted the second most promising city in Asia Pacific for real estate investment prospects, according to a report – Emerging Trends in Real Estate Asia Pacific 2008 – from the US-based Urban Land Institute and accountancy firm PricewaterhouseCoopers.

In the coming months, developers may consider GLS sites more favourably over collective sale sites following the DC hikes and the implementation of the Land Titles (Strata) (Amendment) Act with effect from 4 October 2007. As GLS sites are sold to developers on a clean slate with the necessary legal rights, developers are free from sale procedure and DC issues, and would be able to commence development work once approvals are granted by the authorities. Additionally, the pipeline of sites to be launched by the Government for the rest of the year will include some well-located sites which are expected to be keenly contested by developers.

PUBLIC LAND SALES

PUBLIC LAND SALES IN 3Q 2007

LOCATION	USE	TENURE	GPR	PERMISSIBLE GROSS FLOOR AREA (SQ FT)	SALE PRICE ($)	SALE PRICE ($ PSF PPR)	AWARDED TO	SALES AGENT
Jurong East Street 11	Warehouse Retail Scheme	30-year	-	-	40,014,890	66.38	TT International Ltd	JTC
Tanjong Pagar / Tras Street	Hotel	99-year	5.6	172,728	90,070,000	561.99	CGH Group	URA
Anson Road / Enggor Street	Commercial	99-year	9.7	383,808	391,930,000	1,021.13	St James Power Station Pte Ltd (Mapletree Investments)	URA
Woodsville Close	Residential	99-year	2.8	116,648	50,680,000	434.47	Frasers Centrepoint Limited	URA
Ang Mo Kio Avenue 8	Residential	99-year	4.9	337,409	202,880,000	601.29	Eunos Link Technology Park Ltd	HDB
Penang Road	Commercial - Amalgamate with Park Mall	99 -year	4.6	62,436	15,900,000	254.66	Suntec REIT	SLA
Scotts Road	Transitional Office	15-year	1.5	168,627	37,000,098	219.42	Scotts Pazzio	URA
Anson Road	Commercial	99-year	9.2	252,076	237,204,839	941.00	FirstOffice	URA
Kaki Bukit Road 3	Industrial	30-year	0.6	79,152	5,688,000	71.86	Eastpoint Development	URA
Vista Xchange One North	White Site	60-year	2.8	581,680	189,000,000	324.92	CapitaLand & Rock Productions	JTC
Beach Road	Commercial	99-year	4.2	1,580,439	1,688,888,000	1,068.62	City Developments Ltd, Istithmar & EL-AD Group	URA
Marina View	White Site	99-year	13.0	1,432,891	2,018,888,988	1,408.96	MGP Berth Pte Ltd	URA
Race Course Road / Rangoon Road	White Site	99-year	4.2	615,964	265,265,000	430.65	Singapore Healthpartners Pte Ltd	URA

Source: HDB / JTC / SLA / JTC

On the collective sale sites front, it remains to be seen how the uncertainties surrounding the sub-prime mortgage woes and the newly implemented changes to the collective sale legislation on 4 October will affect investment sale activities. Whilst the Land Titles (Strata) (Amendment) Act is expected to add more procedural hurdles, the new legislation governing collective sales will introduce more regulation and transparency to the market. The result would be increased fairness, reduced conflicts between buyers and sellers, as well as a more stable market where sellers are likely to be more realistic and rational in exploring collective sale opportunities, and developers more selective and cautious in land acquisition.

Overall, the investment sales market is anticipated to remain active in the next quarter, with the commercial and public sectors continuing to take centre stage with considerable contributions to total investment sales, whilst caution prevails in residential collective sales. Nonetheless, all things considered, the investment sales market is expected to be well placed to end the year on a strong footing.

OFFICE

Unfazed by the uncertainties surrounding the US sub-prime mortgage crisis, businesses continued in their arduous search for suitable office space in a market already tight with supply. The further contraction of the limited office space available for lease in 3Q 2007 pushed average occupancy rates of office space across the island to even higher levels. Grade A office space in the Marina/City Hall and Raffles Place micro-markets saw average occupancy levels inching closer to the 100%

LAND TITLES (STRATA) (AMENDMENT) ACT

KEY CHANGES TO THE LAND TITLES (STRATA) (AMENDMENT) ACT

Previous Regulations	Key Changes
Owners' Approval ▸ For current properties more than 10 years old, application for collective sale can only be made when approval is obtained from owners who hold 80% of the share value of a development. ▸ 90% share value is required for developments less than 10 years old.	**Owners' Approval** ▸ For developments more than 10 years old, a second condition requiring approval from the owners of units that represent at least 80% of the area of the development has been added. ▸ 90% of the area is required for developments less than 10 years old.
Sales Committee ▸ Formation of sales committee is not regulated, nor are there rules to govern the sales committee.	**Sales Committee** ▸ Decision to form a collective sales committee and election of sales committee members must be made at a general meeting of the Management Corporation. ▸ Each development can only have one sales committee. ▸ Appointment of property consultant and lawyer must be considered at a general meeting.
Owners Consent ▸ Owners consent to collective sales is effective immediately after signing the collective sales agreement (CSA).	**Owners Consent** ▸ A lawyer must be present to witness the signing of a CSA. ▸ An owner can retract his agreement to a CSA within 5 days of signing the CSA, once for each development.
Mode of Sale ▸ Mode of sale is not regulated.	**Mode of Sale** ▸ Every launch for sale must be executed by public tender or auction. ▸ Sales by private treaty can only be executed 10 weeks after the closure of the tender / action.

Source: Colliers International Singapore Research

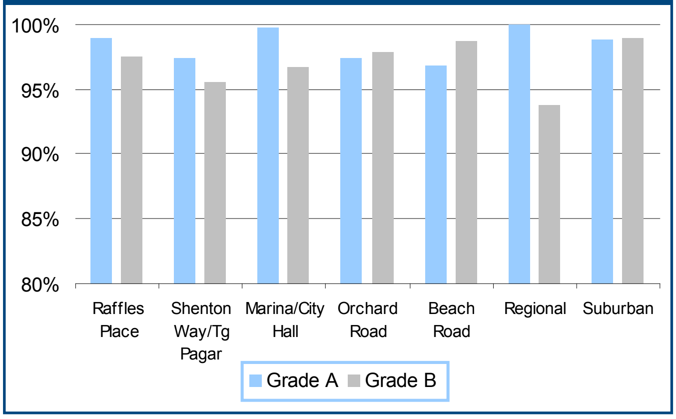
OFFICE

Many businesses had shown greater acceptance for relocation to secondary grade or outlying office locations and business park space offering lower cost business premises.

OFFICE

The continued upswing in office rents has met with some level of resistance from businesses as they explored other options.

AVERAGE OCCUPANCY RATES OF OFFICE SPACE AS OF 3Q 2007 (BY MICRO-MARKET)



Source: Colliers International Singapore Research

OCCUPANCY RATES

The limited availability of office space contracted further during the third quater, pushing average occupancy rates of office space across the island to higher levels.

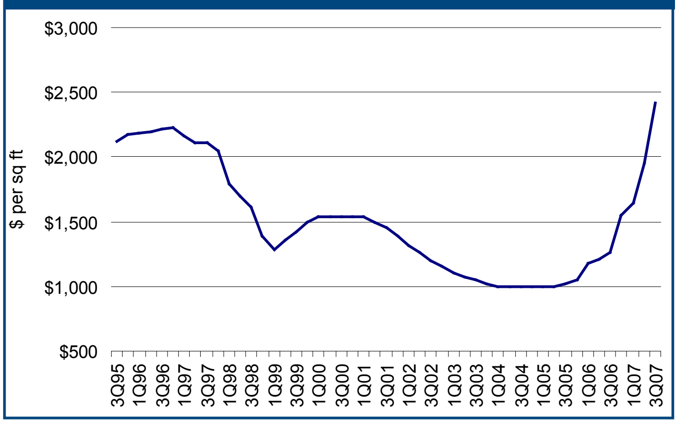
mark, registering 99.8% and 99.0% respectively in 3Q 2007, whilst Grade A office buildings in the Regional micro-market continued to record 100% occupancy rates for the third consecutive quarter in 3Q 2007.

The increasing challenge of finding affordable office space in prime office locations led to many businesses showing greater acceptance for relocation to secondary grade or outlying office locations, as well as business park space offering lower cost business premises. This is reflected in the edging up of occupancy rates of Grade B office space by 0.7 percentage points, from 96.3% as of end-June 2007 to 97.0% as of end-September 2007. In particular, Grade B office space in suburban locations was as much sought after as Grade A space in the same micro-market. Both categories of office premises achieved an average occupancy rate of 98.9% in 3Q 2007.

Additionally, the Government's recent measures of releasing old state properties for adaptive re-use into office premises, as well as the sale of transitional sites for office use, has provided companies with interim solutions while they await the ample line up of permanent office developments in two to three years' time.

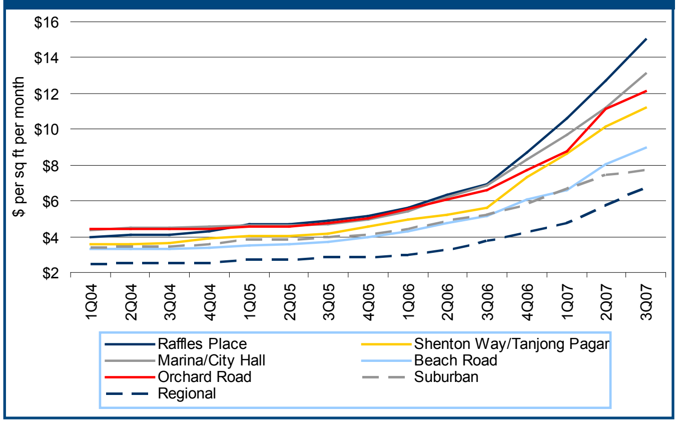
Against such a backdrop, the continued upswing in office rents has met with some level of resistance from businesses as they explored other options. As a result, monthly gross rents of Grade A office space in Raffles Place increased by a marginally slower 18.2%, to average at $15.00 per sq ft as of 3Q 2007. This

AVERAGE CAPITAL VALUES OF GRADE A OFFICE SPACE IN RAFFLES PLACE



Source: Colliers International Singapore Research

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



Source: Colliers International Singapore Research

MONTHLY GROSS RENTS OF OFFICE SPACE

COMPARISON OF QUARTERLY INCREASE IN AVERAGE MONTHLY GROSS RENTS OF OFFICE SPACE

Micro-markets	Average Monthly Gross Rents ($ per sq ft)			QoQ Percentage Difference		
	1Q 2007	2Q 2007	3Q 2007	1Q 2007	2Q 2007	3Q 2007
Raffles Place Grade A	$10.63	$12.69	$15.00	23.5%	19.4%	18.2%
Raffles Place Grade B	$7.25	$9.10	$10.17	17.3%	25.5%	11.8%
Shenton Way Grade A	$8.67	$10.15	$11.17	18.8%	17.1%	10.0%
Shenton Way Grade B	$7.43	$8.37	$8.83	19.5%	12.7%	5.5%
Marina / City Hall Grade A	$9.72	$11.17	$13.08	17.4%	14.9%	17.1%
Orchard Road Grade A	$8.78	$11.15	$12.13	13.3%	27.0%	8.8%
Orchard Road Grade B	$6.83	$8.21	$9.85	14.4%	20.2%	20.0%
Beach Road Grade A	$6.63	$8.07	$8.95	9.6%	21.7%	10.9%
Beach Road Grade B	$5.19	$6.01	$6.31	20.4%	15.8%	5.0%
Regional Grade A	$4.75	$5.75	$6.75	11.8%	21.1%	17.4%
Regional Grade B	$3.95	$5.25	$6.63	11.3%	32.9%	26.3%
Suburban Grade A	$6.76	$7.48	$7.75	15.8%	10.7%	3.6%
Suburban Grade B	$4.25	$4.87	$5.35	17.1%	14.6%	9.9%

Source: Colliers International Singapore Research

OFFICE
Whilst landlords of office buildings began to experience some level of resistance from tenants towards mounting rents, investors continued to acquire office buildings at benchmark prices.

OFFICE
Grade A office rents in Raffles Place are forecast to surge by between 95% and 100% in 2007 as a whole, higher than the 67% increase recorded in 2006.

compares with the higher gains of 23.5% and 19.4% in 1Q 2007 and 2Q 2007 respectively. The same trend was also observed in other micro-markets. In the suburban micro-market, for instance, average Grade B office rents rose by 9.9% in the quarter, to average at $5.35 per sq ft per month, moderating from the 17.1% escalation in 1Q 2007 and 14.6% growth in 2Q 2007.

Whilst landlords of office buildings began to experience some level of resistance from tenants towards mounting rents, investors continued to acquire office buildings at benchmark prices. A recent example was the sale of the 99-year leasehold Chevron House by CapitaLand and its partners at a record high of $2,780 per sq ft of net lettable area in August, toppling the last record of $2,671 per sq ft set for the sale of 1 Finlayson Green just three months before. At Suntec City, strata office space was transacted at prices averaging $2,300 per sq ft, some 9% higher than prices achieved in 2Q 2007. As a result, capital values of Grade A office space in Raffles Place was estimated to have risen by a record 23.8% on a quarter-on-quarter (QoQ) basis in 3Q 2007, to reach an average of $2,416 per sq ft.

Going forward, demand for office space is expected to remain robust despite downside risks arising from the recent uncertainties in the global financial markets. Positive indications for demand for office space include the continuing strong growth in the number of hedge funds, alternative asset managers, wealth management companies and insurers in the Republic. As of September 2007, there were a total of 406 fund managers, 164 insurance companies, and 116 commercial banks in Singapore.

Additionally, Singapore's increasing attractiveness as headquarters or a business location will also continue to underpin demand. More firms have set up headquarters or expanded their operations in Singapore. Recent ones include Lehman Brothers' announcement to move the regional headquarters of its real estate arm from Bangkok to Singapore, Lippo Group's decision to use Singapore as its international headquarters as it grows its presence in Asia, and the move by Carlson Wagonlit Travel and the Hogg Robinson Group to boost operations in the Republic to support corporate clients.

RETAIL

The Singapore retail industry is currently undergoing transformation to keep abreast with international development and to uphold Singapore's reputation as shoppers' haven.

Whilst fundamentals are healthy, rental escalation in the final quarter of the year may moderate further, to range between 12% and 15%, as companies consider potential supply of alternative office space and develop greater resistance towards rising rents. Nonetheless, Grade A office rents in Raffles Place will still have risen by an estimated 95% to 100% for the whole of 2007, higher than the 67% increase recorded in 2006.

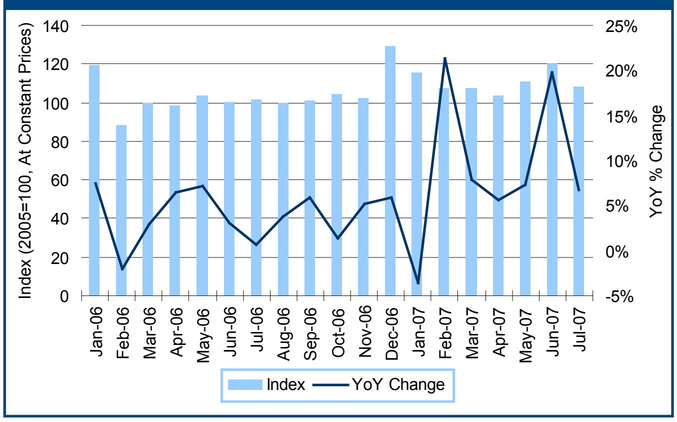
RETAIL

After an exuberant month of June, in which the retail sales index (excluding motor vehicles) chalked up a year-on-year (YoY) growth of 19.8% boosted by the Great Singapore Sale, the big rush for purchases before the hike in Goods and Services Tax (GST) by two percentage points to 7% on 1 July, as well as the school holidays spending, sales reverted to a more sustainable level in July. The retail sales index (excluding motor vehicles) recorded a 6.8% YoY growth in July despite the expected cut back in spending by consumers after the GST hike.

Meanwhile, increasingly more foreigners are visiting Singapore. The Republic welcomed 950,724 visitors in July, representing a growth of 4.0% as compared with the same period a year ago in 2006. This was the highest visitor arrivals ever recorded in a single month and toppled the record of 914,379 visitors in July 2006. In August, another 910,854 visitors stepped foot in Singapore, an increase of 4.7% over August 2006. This was yet another new record set for the number of visitor arrivals in the month of August. Cumulatively, some 6.8 million foreigners visited Singapore from January to August in 2007, an encouraging 4.7% growth over the same period in 2006. The Singapore Tourism Board (STB) expects Singapore to be right on track in meeting its visitor arrival target of 10.2 million in 2007.

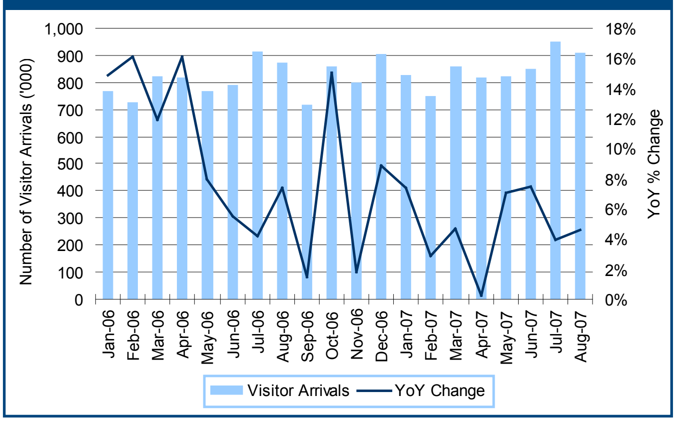
The Singapore retail industry is currently undergoing transformation to keep abreast with international development and to uphold Singapore's reputation as a shopper's haven. The private and public sectors have been actively involved in the changes – both hardware and software. For one, STB has been actively engaging Orchard Road stakeholders for their views in the remaking of the Orchard Road shopping belt. Another recent example involved the collaboration between retailers and the STB to enhance the shopping, dining and entertainment experience in Orchard Road by promoting Saturday late-night shopping. This will no longer be a once-a-month affair but is expected to be a long-term feature of the shopping scene here. The four participating malls are Paragon, Tangs, Wisma Atria and The Centrepoint. Apart from longer operating hours, the malls will stage storefront performances, including music, magic and dance acts, to spice up the Orchard Road nightlife. Late-night shopping is a long overdue fillip for a more vibrant retail atmosphere. Mustafa Centre is currently the only 24-hour shopping mall in Singapore. Such a move by the STB and retailers is expected to meet the pent-up demand from local shoppers and the growth in demand created by an increasing number of tourists.

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

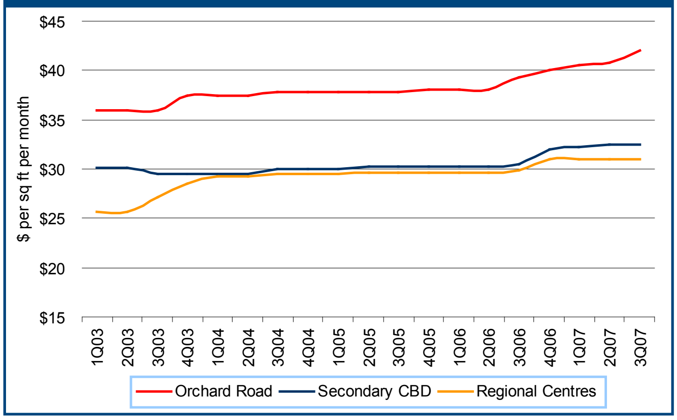
At the same time, as part of the continuing effort to improve the retail industry, the Singapore Retailers Association held its 17th annual retail industry conference from 26-28 September 2007 at SUNTEC Singapore. This was the first conference jointly organised by the public and private sectors - SPRING Singapore and the Retail Academy of Singapore. Over 200 industry players and delegates heard and learnt from an array of international experts on topics related to the retail industry, including new retail trends, concepts, new technology and business models, changing consumer behaviours and manpower issues facing the industry.

And as the retail industry continues to make progress, Singapore is increasingly becoming a more attractive and exciting retailing arena for international retailers. During the third quarter, a few more brands from Europe either set up shop or increased their presence here. For instance, London's Carlton Travel Goods has just launched Asia's first Carlton mono-brand store at The Central in September. Danish furniture, home and décor franchise store, Zone, also made its debut in a 2,000 sq ft outlet at the third level of Raffles City. At the same time, UK's high street fashion label Dorothy Perkins continued to strengthen its presence in Singapore by setting up a flagship store on 3,000 sq ft of retail space at Great Word City. The flagship store is the largest here and is modelled after its UK counterparts. The high-fashion clothing company Ermenegildo Zegna, founded in 1910 in Trivero, opened a new 1,850 sq ft branch in Capital Tower, hot on the heels of the opening of its accessories store in Takashimaya earlier this year. Another luxury clothing retailer from London, Thomas Pink, has also just secured a ground floor unit at Capital Tower. The outlet is expected to be opened for business by end-2007/early 2008.

Whilst developers and retailers are constantly exploring new retailing concepts and operating business models so as to create niche market presence for success and sustainability, a minority are facing challenges, such as increasing competition and mounting operating costs, amongst a myriad of business concerns, such that some have eventually found themselves having to bite the dust. An example is Icon@Bugis Point located at North Bridge Road, opposite Parco Bugis Junction. Mainly targeting the young and trendy, the five-storey streetwear retail building had 83 smallish shops - similar to those in Heeren Annex and LevelOne at Far East Shopping Centre - spread over a net lettable floor area of 10,400 sq ft. After a short one–and-a-half-year stint, the mall was closed down at the end of July this year due to slow business and high operating costs.

After gaining ground during late 2006/early 2007 following the upbeat sentiments in the retail sector in 2006, average rents of retail space held firm in 3Q 2007, underpinned by sustained consumer demand for retail offerings and interest from retailers seeking a share of Singapore's changing and exciting retail scene.

AVERAGE MONTHLY GROSS RENTS OF PRIME RETAIL SPACE (BY LOCATION)



Source: Colliers International Singapore Research

RENTS

Average rents of retail space held firm in 3Q 2007, underpinned by sustained consumer demand for retail offerings and interests from retailers seeking a share of Singapore's changing and exciting retail scene.

INDUSTRIAL

Modern light-industrial and hi-spec factory space, as well as business park space was also well sought after in 3Q 2007, as finding affordably priced office space in a market plagued with acute supply crunch became an increasing challenge.

As of September 2007, average monthly gross prime rents in Orchard Road increased by 3.1% from the previous quarter to reach $42.00 per sq ft. Those in the secondary CBD remained at $32.50 per sq ft per month. In the regional centres, monthly prime rents averaged $31.00 per sq ft, unchanged from the last quarter.

The next quarter is expected to continue as a transitional period before the retail sector gears up for the next wave of excitement in 2008 with the opening of a few new malls, especially ION Orchard and Orchard Central. Nevertheless, the steady growth in visitor arrivals, positive consumer demand and increasing interest from foreign retailers in Singapore will continue to support rents of retail space. Prime rents of retail areas are expected to firm up further in 4Q 2007.

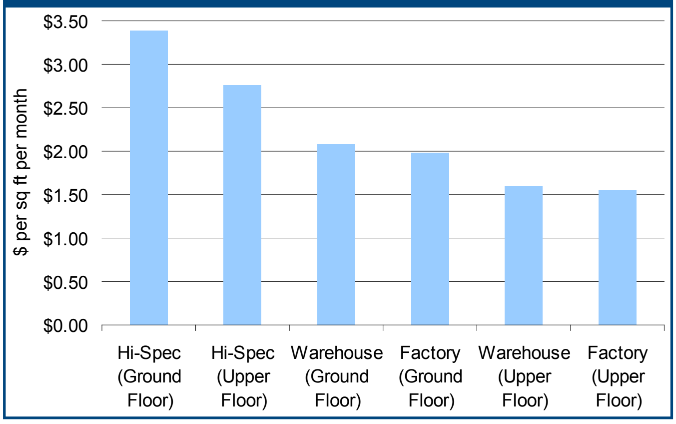
INDUSTRIAL

The growth momentum of the industrial property market continued into 3Q 2007, underpinned by a buoyant economy and boosted by robust spillover demand from the fast-running office sector.

Despite the unstable global outlook due to the US sub-prime mortgage crisis, multinational corporations continued to plough money into manufacturing investments in Singapore in 3Q 2007. In fact, in September, Singapore attracted its largest precision engineering manufacturing investment for the year, when California-based FormFactor, the world's largest manufacturer of wafer probe cards, announced its plans to build a $300.9 million plant in Tampines to produce testing products for semiconductor manufacturers. The plant, to be built on a 300,000 sq ft site near the Courts Megastore, will be FormFactor's first outside the United States and will also be the world's largest such plant. In addition, Kanto Kagaku Singapore, part of Kanto Chemical Co Inc (Japan), also announced plans in September to build a $20 million facility at Pioneer Walk Extension to produce highly functional chemicals for the semiconductor, HDD and solar panel industries. The plant, which is scheduled for completion in August 2008, will be the firm's first in Southeast Asia. These investment commitments generated demand for single-user industrial space.

Modern light-industrial and hi-spec factory space, as well as business park space, was also well sought after in 3Q 2007, as finding affordably priced office space in a market plagued with an acute supply crunch became an increasing challenge. When Satyam Computer Services expanded its business operations in September 2007, it shifted its research and development work from OUB Centre to Ultro Building at Changi Business Park. Other companies that have relocated from office buildings to hi-spec space include Avitra Aviation Services (from Valley Point to The Eightrium), Samas Management Consultants (from Cecil Court to German Centre IBP), Autodesk Asia (from

AVERAGE MONTHLY GROSS RENTS OF PRIME INDUSTRIAL SPACE AS OF 3Q 2007



Source: Colliers International Singapore Research

RENTS

As a result of strong demand for industrial space, rents of industrial properties continued to rise in 3Q 2007.

INDUSTRIAL

Moving forward, the industrial property market is expected to continue to enjoy healthy demand from industrialists as well as office-like users amidst a buoyant economy.

Ngee Ann Tower B to Fusionpolis) and Collyer Shipping (from Southpoint to PSA Vista).

The warehouse leasing market was equally active in the quarter. Significant leasing transactions of warehouse space in 3Q 2007 include Panalpina World Transport taking up 120,000 sq ft of built-to-lease ramp-up warehouse space at Changi North Way.

As a result of strong demand for industrial space, rents of industrial properties continued to rise in 3Q 2007. Average monthly gross rents of prime factory space rose to $1.99 per sq ft per month for ground floor space and $1.55 per sq ft per month for upper floor space, up from last quarter's revised rates of $1.93 per sq ft for ground floor space and $1.49 per sq ft for upper floor space.

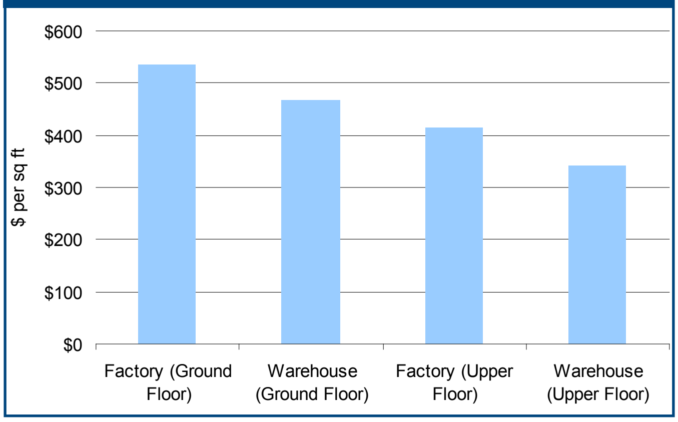
The average monthly gross rents of prime warehouse space experienced similar upward pressure, rising to $2.08 per sq ft for ground floor space and $1.60 per sq ft for upper floor space in 3Q 2007 from last quarter's corresponding rates of $1.95 per sq ft and $1.50 per sq ft.

As hi-spec factory space is the closest substitute to office space, rents of such space, which had already climbed by up to 16.4% in 2Q 2007, continued to rise amidst escalating office rents. Rents of hi-spec space in newer developments such as The Eightrium were driven up to as high as $4.20 per sq ft per month in the quarter ending September 2007. On average, however, monthly gross rents of hi-spec space stood at $3.39 per sq ft per month for ground floor space and $2.76 per sq ft per month for upper floor space as of 3Q 2007.

Although sales activity was lacklustre in 3Q 2007, with caveats lodged registering a sharp decline of 53%, from 322 transactions in 2Q 2007 to an estimated 150 in 3Q 2007, industrial properties which changed hands in the quarter were transacted at higher prices compared to 2Q 2007. For example, based on caveats lodged, the resale prices of units in the 60-year leasehold Cendex at Lower Delta surged by 56% in 3Q 2007, to average at $558 per sq ft, up from $358 per sq ft in 2Q 2007, whilst the resale price of the 60-year leasehold 8 @ Tradehub 21 at Jurong East rose by 46% in 3Q 2007 to average at $281 per sq ft, up from $193 per sq ft in 2Q 2007.

Moving forward, the industrial property market is expected to continue to enjoy healthy demand from industrialists as well as office-like users amidst a buoyant economy. The US sub-prime mortgage crisis that continues to rock the global financial markets is unlikely to derail the recovery of the industrial property market. The recent tender exercise for a URA industrial GLS site in Kaki Bukit, which saw a record bid of $72 per sq ft of gross floor area for a 30-year

AVERAGE CAPITAL VALUES OF PRIME INDUSTRIAL SPACE AS OF 3Q 2007



Source: URA / Colliers International Singapore Research

CAPITAL VALUES

Although sales activity was lackluster in 3Q 2007, with caveats lodged registering a sharp decline of 53% from 322 transactions in 2Q 2007 to an estimated 150 in 3Q 2007, industrial properties which changed hands in the quarter were transacted at higher prices compared to 2Q 2007.

RESIDENTIAL
The volume of new housing units launched and sold in 3Q 2007 was a robust 78.4% and 115.7% increase over 3Q 2006.

leasehold industrial site, attests to developers' and industrialists' confidence in the continued growth of the industrial property market.

Hence, rents and capital values of industrial space are poised to chalk up further increases of up to 10% in the final quarter of 2007.

RESIDENTIAL

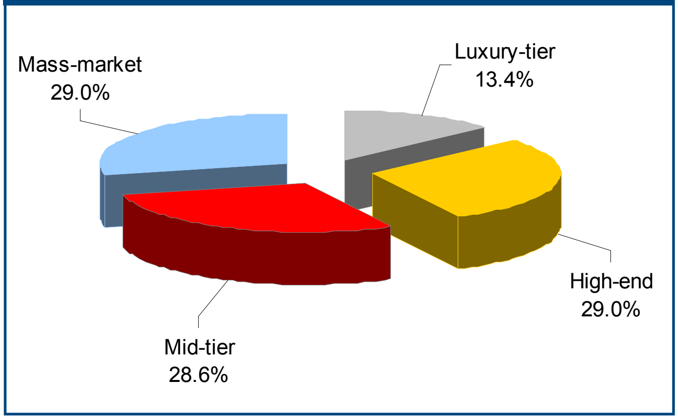
The recent uncertainties surrounding the sub-prime mortgage crisis in the US, resulting in volatility in the global financial markets, the DC rates hike and the imminent implementation of collective sale legislation, cast a cloud over the residential property market. Coupled with the traditional Chinese Hungry Ghost Month from 13 August to 10 September, where Chinese homebuyers typically refrain from making housing commitments and developers hold back project launches, market sentiment was subdued in the third quarter.

Total new residential units launched by developers in 3Q 2007 was estimated at some 4,026 units, 7.7% lower than last quarter's high of 4,362 units. Take-up of new units during the third quarter was also estimated to be lower at 76.0% (or 3,061 units), compared to the 83.3% (or 3,631 units) take-up rate in 2Q 2007. Nonetheless, despite the decrease in activity in 3Q 2007 from the last quarter, the performance of the primary market remained at a healthy level when compared with the same period in 2006. The volume of new housing units launched and sold in 3Q 2007 was a robust 78.4% and 115.7% increase over 3Q 2006. The stronger performance in 3Q 2007 compared with 3Q 2006 was supported by improved demand fundamentals.

Of the estimated 4,026 housing units launched by developers in the quarter ended September, there was a fair distribution between high-end, mid-tier and mass-market units, with each segment accounting for about 29% of all units launched in the quarter. Luxury projects accounted for a lower 13% share of total new units launched in the quarter.

Several projects enjoyed brisk sales in the third quarter. At the luxury-tier market, Wheelock Properties sold all 170 units launched from its 338-unit Scotts Square at Scotts Road at an average price of $4,000 per sq ft. Over in the high-end tier market, MCL Land sold all except one showflat unit of its Hillcrest Villa project at Hillcrest Road at an average price of $871 per sq ft. Frasers Centrepoint also made news for its contemporary lifestyle product - the 417-unit Soleil @ Sinaran at Sinaran Drive in Novena – which it sold more than 95% or

PROPORTION OF NEW RESIDENTIAL UNITS LAUNCHED IN 3Q 2007 (BY MARKET SEGMENT)



Source: Colliers International Singapore Research

NEW RESIDENTIAL UNITS LAUNCHED
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MAJOR PROJECTS LAUNCHED

MAJOR PROJECTS LAUNCHED IN 3Q 2007

DEVELOPMENT	LOCATION	TENURE	DEVELOPER	AVERAGE LAUNCH PRICE ($ PER SQ FT/ PER UNIT)	TOTAL NUMBER OF UNITS IN DEVELOPMENT
NON-LANDED					
The Lumos	Leonie Hill	Freehold	Heeton Holdings	$3,000	53
8 Napier	Napier Road	Freehold	Napier Properties	$4,000 -$4,500	46
The Parc Condo	West Coast Walk	Freehold	Chip Eng Seng & WP Mauritius Holdings	$880	659
Luma	River Valley Grove	Freehold	Novelty Holdings	$3,000	75
Scotts Square	Scotts Road	Freehold	Wheelock Properties	$4,000	338
Idyllic Residences	Lor M Telok Kurau	Freehold	Hillwood Development	$950	29
The Espira	Lor L Telok Kurau	Freehold	World Class Land	$950 - $1,100	40
The Amarelle	Lim Ah Woo / Guillemard Road	Freehold	Teambuild	$1,000	60
M21	Mandalay Road	Freehold	Fortune Development	$1,400	61
Versilia on Haig	Ipoh Lane	Freehold	Hoi Hup Realty	$1,100 - $1,300	128
Aalto	Jalan Kechil	Freehold	Hong Leong Group	$1,950	196
Oasis Garden	Jalan Bunga Rampai	Freehold	Kheng Leong Co	$880 - $930	134
Estilo	Wilkie Road	Freehold	Tong Aik Group	$1,700	58
Dukes Residence	Tan Kim Cheng Road / Duke's Road	Freehold	Manston Land	$1,700 - $2,000	42
The Beacon Edge	Tembeling Road	Freehold	Heritage Group	$1,225	32
Grange Infinite	Grange Road	Freehold	Chip Eng Seng	$3,500	68
Fontaine Parry (Phase 1)	Parry Avenue	999-year	OUB Centre Limited	$950	125
Botannia	West Coast Park	956-yrs	City Developments & CapitaLand	$800	493
The Quatz (New units)	Buangkok Drive	99-year	GuccoLand Group	$550	625
Soleil @ Sinaran	Sinaran Drive	99-year	Frasers Centrepoint	$1,400 - $1,500	417
The Rochester	Vista Xchange - One North Buona Vista	99-year	UE Engineers	$1,300	366
Turquoise	Sentosa Cove	99-year	Ho Bee Group	$2,500	91
LANDED					
Illoura	Old Holland Road	Freehold	Brisbane Development	$1,073	30
Lornie 18	Lornie Road	Freehold	Clydesbuilt Capital	$1,150	18
King's 8	King's Road	Freehold	Longitude Central	$5.25 mil - $5.8 mil	8
Thomson Hill	Thomson Hill	Freehold	Kwang Lee Hang	$1.9 mil - $2.5 mil	11
Westmont	West Coast Road	Freehold	Macly Pte Ltd	$2.0 mil - $2.5 mil	11
D'Kenaris	Jalan Kenarah / Jalan Banqau	Freehold	Grand City Investment	$1.69 mil - $1.78 mil	9
8 @ Stratton	Stratton Road	Freehold	Fairview Developments	$2.1 mil - $2.25 mil	8
The Ambience	Punggol Seventeenth Avenue	999-year	DB2 Development	$2.6 mil	11
Hillcrest Villa	1 Hillcrest Road	99-year	MCL Land	$2.5 mil - $3.0 mil	163

Source: Colliers International Singapore Research

398 units at $1,450 per sq ft, on average. In the mid-tier market, the 61-unit M21 at Mandalay Road by Fortune Development were sold at an average price of $1,400 per sq ft through an en-bloc deal to a fund representing investors from the United States and United Kingdom. Additionally, the second residential project in one-north at Buona Vista – the 366-unit The Rochester by UE Engineers – was released for sale at an average price of $1,300 per sq ft. More than 86% or 317 units of the project were sold. In the mass market, all 659 units in The Parc Condominium located at West Coast Walk were sold by Chip Eng Seng and WP Mauritius at an average price of $880 per sq ft, despite selling prices being 38% higher than those of the nearby 338-unit Carabelle when it was launched two quarters ago.

RESIDENTIAL

In spite of the generally quieter market in 3Q 2007, sound demand fundamentals and the strong showing by new luxury projects sold at increasing average and benchmark prices lent more support for further price increases.

In spite of the generally quieter market in 3Q 2007, sound demand fundamentals and the strong showing by new luxury projects sold at increasing average and benchmark prices lent more support for further price increases. Indeed, judging from the URA's flash estimates on private residential property price movements, the party continued in the private housing market. The numbers showed that prices for all private homes jumped 8.0% in 3Q 2007 over the previous quarter, after rising 8.3% in 2Q 2007. This brought the prices of private homes to their highest level in a decade. Prices for non-landed private housing units in the Core Central Region (encompassing districts 9, 10, 11, the Downtown Core and Sentosa) and Outside Central Region (mainly covering suburban mass market locations) continued to register an increasing growth momentum in 3Q 2007. Those in the Core Central Region increased 8.3% QoQ from July to September, following a 7.9% escalation in 2Q 2007. Entry-level homes in the Outside Central Region saw prices rise 8.1% in 3Q 2007, improving on the 7.2% increase in the previous quarter, indicating that the mass-market segment is catching up on the upswing. Condominiums and apartments in the Rest of Central Region climbed 7.7% in the third quarter, marginally lower than the 8.1% recorded in 2Q 2007.

According to Colliers International's research, capital values of luxury apartments rose by 13.3% to average at $2,827 per sq ft in 3Q 2007. At $2,827 per sq ft, prices of such apartments surged 43.5% in the first nine months of the year and were leading 1997's peak price level by 59%.

In the leasing market, the supply crunch, coupled with strong demand, continued to contribute to escalating rental growth, a growing concern amongst the expatriate population in the Republic and the Government. Average monthly gross rents of luxury apartments

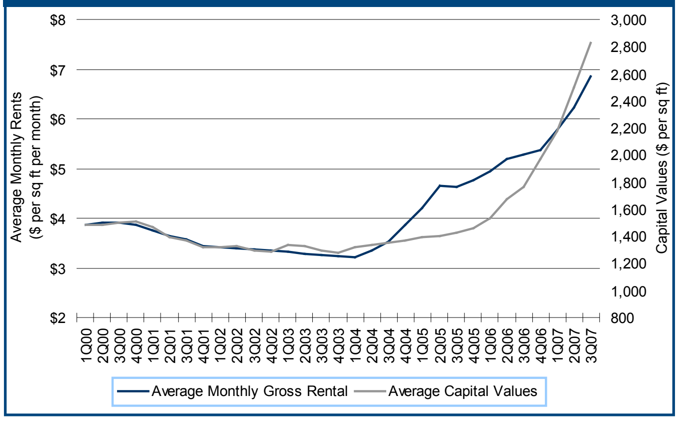
PRICE INDICES OF NON-LANDED PROPERTIES

QoQ CHANGE IN PRICE INDICES OF NON-LANDED PROPERTIES BASED ON URA'S ADVANCED ESTIMATES

Period	Core Central Region	Rest of Central Region	Outside Central Region
	All	All	All
1Q 2007	5.5%	3.7%	2.0%
2Q 2007	7.9%	8.1%	7.2%
3Q 2007	8.3%	7.7%	8.1%

Source: URA

AVERAGE CAPITAL VALUES AND MONTHLY GROSS RENTS OF LUXURY APARTMENTS



Source: Colliers International Singapore Research

RENTS

In the leasing market, the supply crunch, coupled with strong demand, continued to contribute to escalating rental growth, a growing concern amongst the expatriate population in the Republic and the Government.

RESIDENTIAL

The Government has given an assurance that it would continue to monitor the market and ensure that prices do not run ahead because of a shortage of supply.

increased by a faster 10.2% in the quarter ending September to reach $6.86 per sq ft, compared with rental growth of 7.9% in 2Q 2007 and 7.6% in 1Q 2007.

In the coming months, a fair spread of projects at all tiers is expected to be launched. Some new luxury and high-end residential projects that are expected to be launched in 4Q 2007 include Hilltops at Cairnhill (241 units), Paterson Suites at Paterson Road (102 units), Latitude in Jalan Mutiara (127 units) and The Quayside Isle in Sentosa (228 units). Upcoming mid-tier projects are likely to include Suites @ Amber at Amber Road (28 units) and De Centurion at Tanjong Rhu (42 units). Potential buyers of mass-market homes can look forward to the possible launch of Waterfront View at Bedok Reservoir (1,442 units) and Park Natura in Bukit Batok (199 units).

Some downside risks remain in the months ahead - the negative spillover from the US housing market, a possible slowdown in the US economy stemming from the US sub-prime mortgage woes which may lead to a cyclical downturn in world trade, as well as potential negative supply shocks in oil. Nevertheless, the strong economic and demand fundamentals in the Singapore market, coupled with the continuing commitment of the Government to maintain Singapore's attractiveness as a stable market for investments, should lend support to the private residential property market amidst cautious sentiments.

At the same time, the Government has given an assurance that it would continue to monitor the market and ensure that prices do not run ahead because of a shortage of supply. In this regard, the URA will be reviewing the Government Land Sales scheme - launched every six months - for the first half of next year to make available more sites for housing supply if the demand continues to remain strong.

Taking cognisance of the above, the market will also be monitoring the situation closely, particularly imminent measures by the Government. All factors considered, average capital values and monthly gross rents of luxury apartments are expected to increase by up to 10% in 4Q 2007.

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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