

News Release



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Tender close for transition site at Scotts Road/ Anthony Road

Singapore, - The Urban Redevelopment Authority (URA) closed the tender for the transitional office site at Scotts Road / Anthony Road (Land Parcel A) today. The site area of this parcel is 8,682.8 square metres (93,461 square feet) and it is offered on a short-term lease of 15 years.

In a surprising move, the tender attracted eight bidders with major names like UOB Kay Hian and Sim Lian Land. The highest bid was submitted by UOB Kay Hian Trading Pte Ltd, with a record price of S\$34,000,000 (S\$242.5 psf ppr). This is approximately 16.5% higher than the second bid from Sun Venture (S) Investments. Also, this average price of S\$242.5 psf ppr, which is about 11% higher than what was paid for a nearby transition office site at Scotts Road in August 2007, will be the highest average price paid for a transition office site since the introduction of the scheme in July last year.

There are a few possible explanations for the bullish bid for this transition office site. Firstly, as the site is located next to Newton MRT station and proximate to the Central Business District, companies leasing the space here can reduce their occupancy costs significantly yet still have their office located in a strategic location. Specifically, continued tight office supply and strong demand has sustained the growth in rentals for 1Q 2008 in which average grade A office rentals in Raffles Place reached S\$17.63 per square foot (psf) per month. This rental level is much higher as compared to the current monthly gross rent of S\$6 – S\$8 psf in the Scotts Road area.

Secondly, as the subject site has potential for amalgamation with adjacent Land Parcel B to create bigger floor space, bidders tend to bid aggressively to secure the land parcel first. As a result, the level of bidding for Land Parcel B, which will be closed in 30 April 2008, is expected to be relatively less aggressive.

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Notes to Editors

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