

## **Confidential Instructions for Yan** *(do not show to your counterpart!)*

### **YAN'S AGENT**

You represent Yan. Yan is a single mother and she owns Lots A and B on Bukit Timah Road. She is a long time friend of yours, and you deeply respect how hard she's worked to raise her daughter and run her business. A few years ago, when your mother had health problems, she went out of her way to help. Without Yan's help, including the loan she gave you, your mother might have died.

Yan's single home is on Lot A, and she also owns Lot B too. Lot B is only 80 square metres and so can not be sold as an individual lot for constructing a building (no separate homes here). Yan bought the land thinking that she would put in a swimming pool, but never got around to it.

Recently, Yan's construction business has been struggling and she doesn't have much savings. A recent economic downturn means that fewer people are building new houses or improving their current ones. That's bad, because her daughter wants to go to university abroad, and the costs will be very high. Yan believes very strongly in a good education and is committed to funding her daughter's studies. She needs at least 150,000\$ to pay for tuition and living expenses. To get that money, Yan has explored selling her house and buying a smaller condominium.

Yan has found one condominium in the North District that she could move into for 500,000\$. That region of the city is not her first choice. Yan would prefer to live in the West or East Districts. Unfortunately, though there are small and affordable condominiums in those Districts, the owners rarely sell them.

Yan has a potential buyer, the Helton Industries, who say they are interested in Lot A, but less so for Lot B. Helton has offered 800,000\$ for Lot A and an additional 50,000\$ for Lot B. One of Yan's neighbour sold a lot of the same size for 120,000\$ a year ago. However, but Helton Industries insists that it does not need the lot and is only offering the 50,000\$ as a good will gesture. Because Lot B is too small to build a house on, it would be impossible for Yan to sell it to anyone besides Helton Industries or her neighbours on that side, the Zhang family.

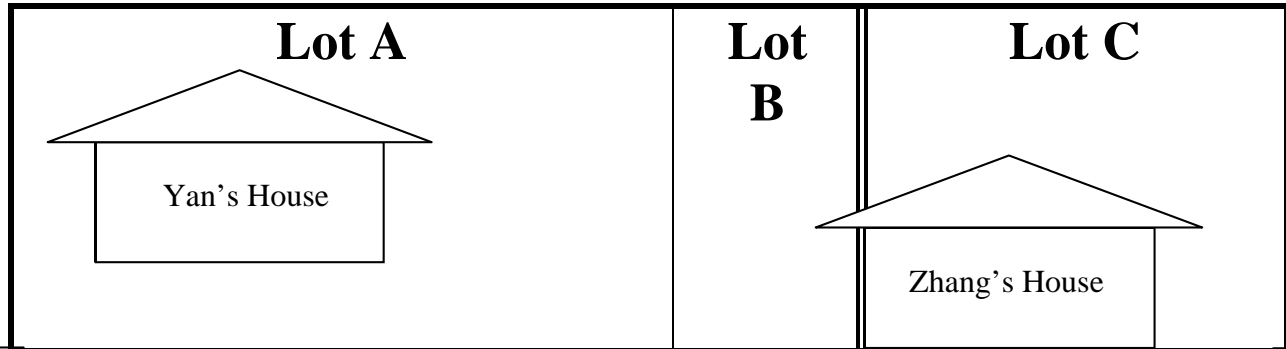
Yan hasn't signed the deal with them yet, because she hopes that the Zhang family might be willing to pay more for Lot B. If that's the case, she would then sell Lot B to Zhang and let Helton buy Lot A for 800,000\$. Of course, Yan could go back to Helton Industries to see if they would offer a better price than the one you get from Zhang's Agent, but she doesn't want to treat the family that way.

The Zhangs are quiet, elderly neighbours. Yan tells you that she has hardly ever talked with them, beyond saying hello when she sees them on her way to, or back, from work. Yan always meant to be more friendly, but she's been so busy as a single mother and entrepreneur that she's never had the time.

If she could get 150,000\$ from the Zhang's she wouldn't have to move. That's her ideal option, for she loves her current home. However, if you can't that much, that's okay too. The difference between the selling price of her home and the buying price of the condominium will be enough for her needs. And, of course, you shouldn't sell Lot B to the Zhang's for anything less than 50,000\$ since Helton Industries has already offered that amount for it.

You will meet Zhang's Agent in 20 minutes. Good luck!

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BUKIT TIMAH RD.

**A QUICK FACT SHEET**

<b>Item</b>	<b>Amount (\$)</b>
Amount you need to fund your daughter's education:	150,000
Minimum Price you will accept from the Zhang's (BATNA; Helton Industries offer for Lot B):	50,000
Approximate price others in the neighbourhood have paid for a similar lot:	120,000
Price of the new condominium in North District	500,000
Price Helton has offered for Lot A + B	850,000

## **Confidential Instructions for Zhang** *(do not show to your counterpart!)*

### **ZHANG'S AGENT**

You just moved to Singapore year ago. You never thought you would leave your home country, but you were offered a very lucrative position in a legal firm here that you just couldn't refuse. So far, you've enjoyed your life here.

You've offered to negotiate on behalf of the Zhang family for the purchase of Lot B (see map at back), a small 80 square metre plot on one side of the Zhang's land. Lot B is owned by Ms. Yan and you will be meeting with her agent today. You won't charge the Zhang family for your services.

The Zhangs are an elderly family and they have a small house on Lot C. Their granddaughter (the daughter of their daughter) is dating your son. The two kids are studying at the National University of Singapore. You hope they will get married after they finish their studies, because you think the girl is wonderful for your son. You also have met Zhangs on several occasions, and like them as well.

The Zhangs are retired and are starting to think about how they want to spend the last years of their life. Recently, Mr. Zhang's health has started to worsen and Mrs. Zhang is finding it harder to take care of him by herself. Ideally, the Zhangs would like to have their son and wife and child move in to the house so that his wife can help out. Their current house is too small though, and so they have started looking around for a bigger place.

The Zhangs have also looked at other possible houses that might be bigger. They just found one house that would be acceptable, but they haven't made the offer yet. This house would cost 1,300,000\$ and it has enough room for both the Zhangs and their son's family. They also have a possible buyer for their house, the Helton Industries, who have offered 700,000\$ for their lot.

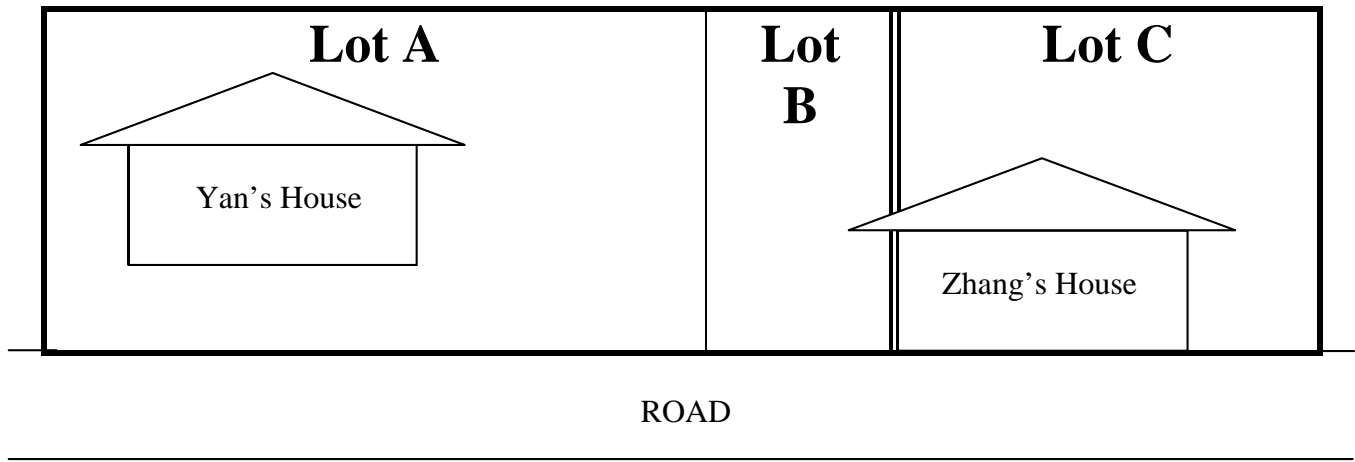
The son and his family are looking forward to moving in with his parents. Zhang son's condominium is worth approximately 400,000\$. It is located in the West District. It actually quite nice, well located, and has some good facilities (swimming pool and tennis courts). Unfortunately, it's too small for his family, let alone his family plus his parents. The apartment was really only meant for a single person.

Just yesterday, another option became possible. Ms. Yan, their neighbour asked the Zhang family if they would be interested in buying Lot B. They are. Two years ago, the Zhangs sent a letter to Ms. Yan to see if she would be willing to sell Lot B. Unfortunately, Yan never responded. They told you that they've tried talking to her, but it has been difficult as Yan is always rushing in or out of her house. They know Yan has her own business, and they heard several years ago that it was doing quite well. Yan is also a single mother of one daughter.

The Zhangs had thought Yan just wasn't interested in selling Lot B, but now she has approached them to talk about it. If Yan would be willing to sell Lot B, they could construct an extension to their current house. Such an extension would cost approximately 140,000\$. If the Zhangs could buy Lot B for 60,000\$ or less, than that would be cheaper than moving. In fact, because they like living in their current home they're even willing to pay a little more for Lot B. They have authorized you to go as high as 70,000\$. If the price went above that, they told you that you should come talk to them again first.

You will meet Yan's Agent in 20 minutes. Good luck!

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**A QUICK FACT SHEET**

	\$
<b>Maximum price you can pay for Lot B (BATNA).</b> If it's higher, you would need to consult with the Zhangs.	70,000
<b>Price of new house in different location</b>	1,300,000
<b>Approximate selling price for Son's House in the West District</b>	400,000
<b>Price for Zhang's House from Helton Industries</b>	700,000
<b>Price to extend house into Lot B</b>	140,000