



# ASIA INVESTMENT MARKETVIEW 1H 2009

CBRE RESEARCH | ASIA

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CB RICHARD ELLIS



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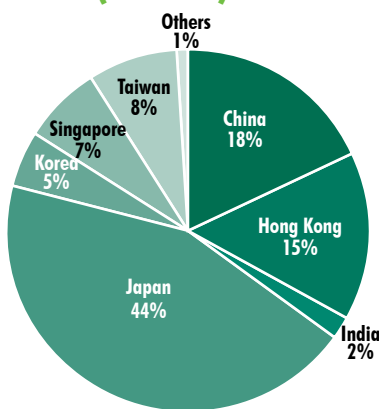
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# EXECUTIVE SUMMARY

## “INVESTMENT MARKET REGAINED MOMENTUM IN THE SECOND QUARTER FOLLOWING THE FIRST QUARTER STANDOFF”

### INVESTMENT TURNOVER BY MARKET (1H 2009)

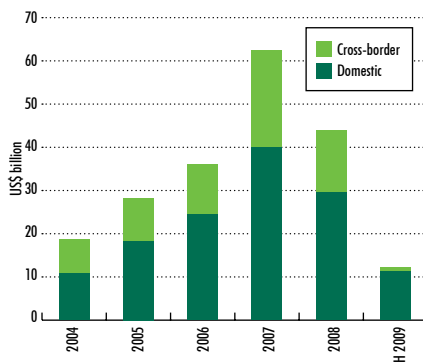


Source: CBRE Research

### TRANSACTION TURNOVER IN ASIA

	US\$ Equivalent (billion)	% Change
1H 2009	12.4	-58% (vs. 2H 2008)
Q2 2009	7.3	41% (vs. Q1 2009)

### INVESTMENT TURNOVER BY BUYER ORIGIN



Source: CBRE Research

The Asian property investment market enjoyed a stronger second quarter of 2009 following a subdued start to the year, with direct real estate investment volume edging up 41% from the first quarter. The improved investment turnover was attributable to a certain extent to debt-funded owners compromising at current price levels and liquidating assets to service near-term debt obligations. Despite the improvement witnessed in the second quarter, however, transaction volume remained thin in the first half of 2009 compared to the corresponding period in 2008, falling by 58% year-on-year to approximately US\$12.4 billion.

Investor sentiment in the region generally turned more positive as the first half of the year progressed. Hong Kong, Singapore and Taiwan experienced the largest quarterly rebound in transaction volume, up 302%, 297% and 151% respectively in the second quarter. The same quarter also witnessed a rise in land acquisitions in China as big local developers scrambled to snap up land for future development in anticipation of the imminent appreciation of land prices.

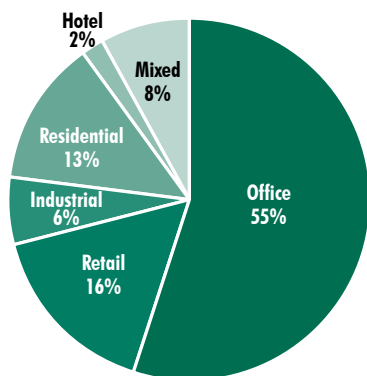
Direct real estate investment in the region was concentrated in a selected number of countries, with the market dominated by Japan which accounted for 44% of total turnover. China and Hong Kong represented 18% and 15% respectively. Despite the significant contraction of total investment turnover in the first half of 2009, India and Taiwan ended the six-month period with positive year-on-year growth, surging by 339% and 12% respectively. The change in investor sentiment in Taiwan primarily resulted from the opening of the domestic market to mainland Chinese investment. In India, the formation of a stable government coupled with the utilisation of Qualified Institutional Placement (QIP) by real estate companies to raise new funds provided a boost to the domestic property investment market.

The largest transaction concluded during the review period was AIG's sale of its Tokyo headquarters, the AIG Otemachi Building, to Nippon Life for US\$1.2 billion. Eight of the ten largest deals in Asia during the first half involved domestic buyers. Overall, the amount of inter-regional cross-border investment accounted for only 8% of total volume in the first half of 2009, dropping from a high of 30% a year earlier, as global institutional investors and real estate funds largely remained on the sidelines. The largest cross-border transaction was completed in Tokyo with the sale of KDX Toyosu Gran Square by Kenedix to Carlyle Group and South Korea's National Pension Services for approximately US\$363 million.

Prime office properties continued to attract the strongest interest from investors, accounting for 55% of total turnover for the six-month period, followed by the retail sector, which accounted for 16% of total volume. The sale of the Sogo Shinsaibashi Store in Osaka City for approximately US\$384 million was the largest retail investment transaction during the period. Within the subdued trend in investment transactions which characterised the first six months of 2009, hotel transactions suffered the largest drop in the first half by market segment, falling 75% y-o-y. To a certain extent this was attributable to the US\$774 million sale of the Westin Hotel Tokyo completed in the first quarter of 2008. Meanwhile, the industrial and office sectors experienced declines in volume of 63% and 59% respectively.

The strong rebound in prices in a number of Asian markets began to subside slightly during the second quarter. According to the CBRE Asian Office Yield Index (which reflects the changes in prime office yields in major Asian cities), overall prime office yields edged down during the second quarter by some 51 bps to 4.59%, after rising for three consecutive quarters. Hong Kong, Singapore, Bangkok and Taipei witnessed the largest yield compression. The spreads between the prime office yields and 10-year government

## INVESTMENT TURNOVER BY SECTOR (1H 2009)



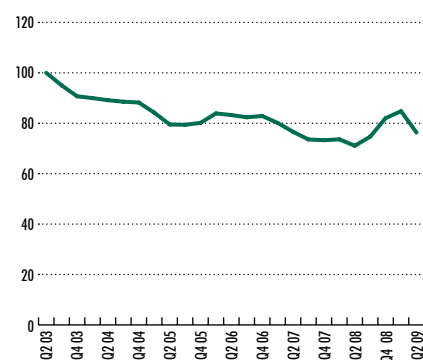
Source: CBRE Research

bond yields narrowed significantly in these markets, which to a certain extent represents how the risk premiums and volatilities associated with such investment properties alleviated considerably during the same time span.

### Lenders remain selective towards providing property finance

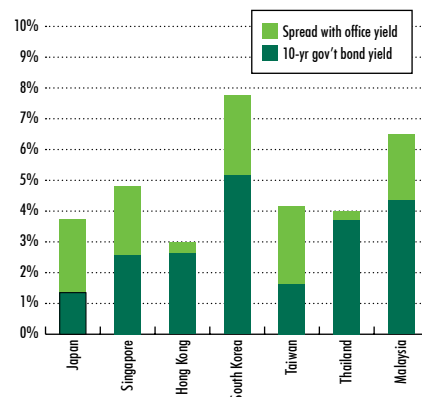
Since the beginning of the year central banks across the region have increased money supply and lowered policy rates in a bid to alleviate pressure caused by the credit shortage and restore inter-bank lending activity. While a number of developers and REITs successfully obtained fresh capital from stock markets during the review period, lenders remained cautious and demanded lower loan-to-value (LTV) ratios for property financing and re-financing, in light of what they saw as a lack of evidence of property values amid the widespread correction in property prices. Banks remained especially reluctant to provide finance for large transactions. These factors consequently led to a market standoff during the early months of the year. However, as deleveraging on institutional investors begins to gather pace, particularly for those investors with assets which have experienced a certain degree of price correction, we can expect to see more transactions taking place over the second half of the year.

### CBRE ASIA OFFICE YIELD INDEX



Source: CBRE Research

### OFFICE YIELD SPREADS OVER 10-YR GOVT BOND YIELDS



Source: CBRE Research

## ESTIMATED INITIAL YIELDS

City	Prime Office	Luxury Residential	Retail	Industrial
<b>Greater China</b>				
Beijing*	7.0 - 8.0%	4.0 - 6.0%	8.0 - 9.0%	9.0 - 10.0%
Shanghai*	8.0 - 10.0%	8.0 - 10.0%	10.0 - 12.0%	8.0 - 10.0%
Guangzhou*	6.3 - 7.8%	2.4 - 4.6%	6.0 - 8.0%	na
Hong Kong ^	3.1%	3.0%	4.2%	6.8%
Taipei	3.8 - 4.5%*	na	4.0 - 5.0% ^	4.0 - 5.0%*
Tokyo ^	3.5 - 4.0%	5.5 - 6.5%	3.5 - 4.0%	5.3 - 5.8%
Seoul	7.0 - 8.5%*	1.0 - 1.5% ^	6.0 - 7.0%*	8.0 - 9.0%*
<b>India*</b>				
New Delhi	10.0 - 12.0%	2.5 - 3.0%	10.0 - 12.0%	11.0 - 13.0%
Mumbai	13.0 - 15.0%	3.5 - 5.0%	14.0 - 16.0%	na
Singapore ^	4.8%	2.7%	6.1%	5.3%
Kuala Lumpur	6.3 - 6.8% ^	6.0 - 7.7%*	7.0 - 7.9% ^	na
Bangkok ^	3.5 - 4.5%	4.0 - 4.5%	6.5 - 7.5%	8.0 - 9.0%
Manila*	7.0 - 10.0%	7.0 - 10.0%	na	na
Jakarta ^	9.5 - 11.0%	10.8 - 12.0%	10.0 - 13.5%	8.5 - 10.3%

Reported initial yields for different cities are based on individual city's market practice and may be gross or net yields.

\* Gross yields - defined as the ratio of gross income (i.e. income before non-recoverable costs are allowed for) over purchase price.

^ Net yields - defined as the ratio of net income (i.e. income after allowing for non-recoverable costs of ownership) over purchase price.

## Greater China

The residential sector in China recovered strongly in the first half and witnessed plenty of activity, particularly in the high end luxury sector. However, raising debt for large scale acquisitions remained challenging despite the improvement in market conditions, and a number of investors opted to focus their attention on smaller office buildings. Foreign institutional investors remained inactive, discouraged by the lack of further discounting, while local investors were more active on account of their readier access to domestic credit.

Investment sentiment in Taiwan largely improved during the second quarter following the announcement of the opening of a number of domestic industrial sectors, including infrastructure and real estate, to mainland Chinese investment. Yield levels for properties across sectors were compressed during the review period as an increasing number of investors looked to obtain commercial properties before their Chinese counterparts entered the market. Total transaction sales in Taiwan amounted to NT\$28 billion (US\$853 million), up by 151% compared to the first quarter of 2009.

In Hong Kong the number of transactions above HK\$100 million (US\$13 million) dropped by 69% y-o-y in the first half of 2009. However, the residential sales market picked up in the second quarter thanks to the low lending rate and strong influx of capital into real estate assets.

## North Asia

The second quarter saw Tokyo emerge as the location with the largest number of distressed or potentially distressed real estate assets in the region. Owners came under pressure to re-finance deals which have fallen to well below the original LTV ratios prescribed by their loan covenants. The period saw a number of major office transactions concluded at US\$50 million and above, with Japanese investors and investment institutions accounting for virtually all acquisitions, proving that appetite still persists in Japan for acquiring quality assets.

## TOP 10 INVESTMENT DEALS

	CITY	DISTRICT	PROPERTY	SECTOR
1	Tokyo	Chiyoda-ku	AIG Otemachi Building	Office
2	Tokyo	Chiyoda-ku	Asahi Life Insurance Otemachi Building	Office
3	Tokyo	Meguro-ku	Nakameguro Centre Building (Data Centre)	Office ^
4	Osaka	Osaka City	Sogo Department Shinsaibashi Store	Retail
5	Tokyo	Shinonome Koto-ku	KDX Toyosu Gran Square	Office
6	Taipei	XJA	Shin Kong Mitsukoshi A11 Building	Retail
7	Tokyo	Sumida-ku	Olinas Tower	Office
8	Shanghai	Xuhui	Equity and loan of Better Score Limited which indirectly owns the developments of Shanghai Bay	Residential
9	Shanghai	Pudong	100% equity of Shanghai POSCO E&C Real Estate Development Co. Ltd. (POS Plaza)	Mixed
10	Taipei	MDA	Minsheng Financial Building	Office

\* Top 10 investment deals table excludes land transactions

^ Data Centre

Confidence in the Korean real estate investment market continued to improve. Domestic investors, mainly consisting of pension funds and institutional investors, were eager to invest in real estate assets before inflation takes hold, with intense bidding driving up the price of quality office assets such as the ING Tower and the DACOM building in the GBD and the Kukdong Building in the CBD. Vacancy in the Seoul office market increased sharply in the second quarter but the bearish conditions failed to deter investors who appear confident of a fast rebound. Buyers are looking to invest in profitable real estate now, despite prices that are relatively high compared to those witnessed in late 2008, as they believe additional distressed and troubled assets are not likely to be widely available going forward. The review period saw a total of eight en-bloc office building transactions totaling US\$649 million.

### South East Asia

Three en-bloc office buildings were sold in Singapore during the second quarter, representing 24.5% of total investment sales and injecting life into what was previously a quiet commercial investment market. However, institutional investors mostly continued to adopt a wait and see strategy, judging that the fundamentals are weak and better opportunities will arise in six to 12 months time. Given that sentiment has improved, the investment sales market should continue to be moderately active in forthcoming quarters. Investment sales for 2009 have exceeded the previous estimate of S\$1.35 billion (US\$933 million) and should exceed the S\$2.0 billion (US\$1.4 billion) mark by the end of the year.

Investment activity in the Malaysian property market was thin during the first half of the year, with domestic investors accounting for the small number deals that did occur. There were no significant transactions in the office, retail and residential sectors, although a number of scattered transactions took place in the industrial and hospitality sectors.

In the Philippines, one major hotel property transaction was made during the review period with a major industry player, Anchor Land Holdings, acquiring one of the older hotels in Manila, Admiral Hotel, from Admiral Realty Co. through a buyout of shares of the company which holds the property. The deal was completed for approximately US\$7.48 million.

APPROX. TRANSACTION VALUE (million US\$)	SELLER	BUYER	LOCAL/ FOREIGN BUYER
1,199	AIG	Nippon Life Insurance Company	Local
809	Asahi Life Insurance	Tokiwabashi Investment TMV (a TMK of Mitsubishi Estate)	Local
478	Hulic	Mizuho Bank	Local
384	Sogo	Daimaru	Local
363	Kenedix	Carlyle Group (51%) and South Korea's National Pension Services (49%)	Foreign
353	Shin Kong Life Insurance	Fubon Life Insurance	Local
325	Tokyo Tatemono Company	Japan Prime Realty Investment	Local
293	Bright New Investment Limited	S.I. Properties Holdings Limited	Local
258	POSCO E&C	Shanghai Lujiazui Finance & Trade Zone Development Co.Ltd.; Shanghai Lujiazui Finance & Trade Zone United Development Ltd	Local
250	TFMI Asset Management, Mayer Steel Pipe Corp., De-xian Corp.	Nan Shan Life Insurance, AIG's Taiwan insurance unit	Foreign

## India

The Indian real estate investment market witnessed some improvement towards the end of the first half of 2009 after what was a relatively subdued start to the year. A number of enquiries witnessed in the second quarter should be converted into transactions in the third and fourth quarters. The period saw a number of large developers successfully raise new funds through the QIP route, which relieved the strain on liquidity to some extent. Private players found themselves in a stronger position following the marginal easing of interest rates and the willingness of banks to discount leased properties. Two significant hotel purchases were made in India during the review period. Indian Hotels Company Ltd (IHCL) acquired an 85% stake in Elel Hotels and Investments, which owns the Mumbai-based Sea Rock Hotel, for INR 6.8 billion (US\$ 141.7 million), while Unitech sold the Courtyard by the Marriott Gurgaon hotel to a local investor for INR 2.31 billion (US\$48.1 million).

## Investment Market Outlook

As we enter the second half of 2009 economies across the region are at various stages of stabilisation. Amongst the factors providing increased confidence to the market, China is still advancing and India is seeing the new election of its new government instill much needed confidence in its domestic economy while Hong Kong, Taiwan, Singapore and South Korea are also in a much better position after each has undergone severe economic contraction since last year. Japan is expected to recover very slowly amidst shrinking demand for high-tech and automotive exports.

Looking ahead, economic conditions should continue to strengthen and we anticipate that investors will gradually continue to re-enter the market as capital values stabilise, sentiment improves and the bid-ask spread narrows. A number of deals involving investment grade office or retail properties are on the verge of closing in China, Hong Kong, Japan and South Korea. However, interest in purchasing industrial assets is generally slack, with domestic demand remaining the primary driver.

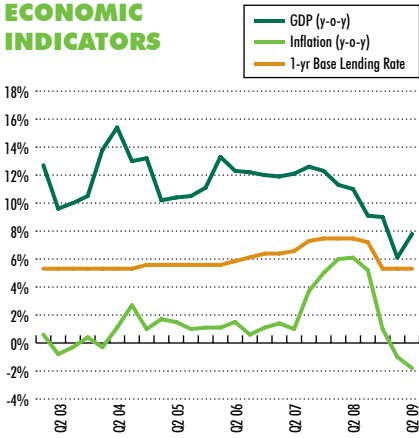
Although investors have generally faced less pressing refinancing requirements during recent months, it is expected they will continue to find it difficult to obtain credit from lenders for property acquisitions. Deleveraging will continue to be the major trend for institutional investors and LTV ratios will remain in the safety zone of 50% at best. Cash-rich domestic investors are likely to be the main drivers of the investment market over the short- to medium-term as many of them are keen to purchase quality assets for long-term investment.

Note:

1. Asia property investment sales volume is based on preliminary surveys carried out by CBRE Research Asia on major notable property transactions in major Asian cities, excluding land transactions and subject to final revision.
2. CBRE Research Asia has adopted relevant measurements and definitions in calculating real estate investment capital flow figures in Asia (i.e. only track publicly announced deals above a minimum threshold which are converted to US dollars using exchange rates recorded during each survey period.
3. Investment volume excluded development site transaction

# GREATER CHINA BEIJING

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	7.8% (Q2 09)	6.1% (Q1 09)
Inflation Rate (y-o-y)	-1.8% (Jun 09)	-1.0% (Mar 09)
Prime Lending Rate (end of period)	5.31% (Q2 09)	5.31% (Q1 09)

## INITIAL YIELDS

Prime Office	7.0 - 8.0%
Luxury Residential	4.0 - 6.0%
Retail	8.0 - 9.0%
Industrial	9.0 - 10.0%

Gross yields - the ratio of gross income (i.e. income before non-recoverable costs are allowed for) over purchase price.

The Beijing property investment market continued to be sluggish in the first six months of 2009 as investors largely stayed on the sidelines. Nevertheless, selected listed property developers continued to be active in banking land for future development. The average prices of office, industrial and retail investment grade properties continued to slide downward, albeit at a slower pace than before, while the fall in rents accelerated.

The first half of the year saw one major strata-title transaction with an anonymous SOE investing RMB 926 million (US\$141 million) to purchase one office floor with a GFA of 34,400 sm (370,282 sf) in Oriental Culture & Art Centre located at East Second Ring, Dongcheng District. The seller was Hopson Development. The emerging business hub at the East Second Ring is home to many well-known SOEs including the China National Petroleum Corporation and China Petrochemical Corporation, and is increasingly considered a preferred location to invest.

R&F Properties (Beijing) Co. Ltd won the bidding process for Plot No. 10 in Guangqumenwai for RMB 1.022 billion (US\$150 million), representing an equivalent accommodation value of RMB 15,141 psm (US\$205.9 psf). The deal, which was finally completed after 89 rounds of bidding, marked the largest ever land transaction in terms of unit price since the implementation of the bidding, auctioning and listing system in Beijing. In June, Frashion Properties Ltd announced that it has acquired Plot No. 15 at Guangqu Road for a consideration of RMB 4.06 billion (US\$594 million), located at East Fourth Ring of Chaoyang district.

Notable deals during the review period included a domestic enterprise purchasing a 26,500-sm (285,246 sf) strata retail floor at Sanlitun SOHO for RMB 1.6 billion (US\$234 million). The deal was the most expensive property transaction in Beijing during the second quarter. The property is located at Sanlitun, Chaoyang District, which houses the second embassy complex in Beijing, and is nearby Pacific Century Place and New Sanlitun.

In May the State Council moved to boost the market by releasing the Circular on Adjusting the Proportion of Registered Capital in Fixed Asset Investment Projects. The circular adjusted the minimum proportion of registered capital in social security housing and ordinary commodity housing projects from 35% to 20%, and reduced the minimum proportion of registered capital for other real estate projects to 30%. The new policy is expected to further relieve financial pressure on developers, especially small- to mid-sized firms.

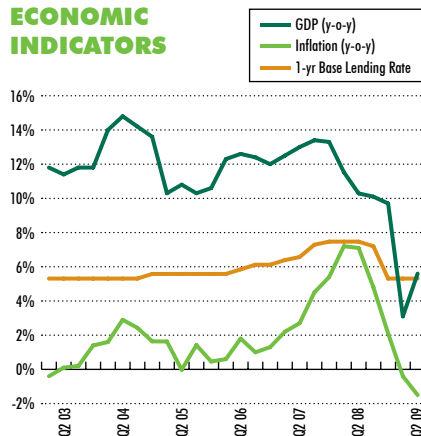
## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = RMB 6.834 (Q1 2009)\* US\$ 1 = RMB 6.831 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			RMB	US\$
Retail	Chaoyang	Sanlitun SOHO	1,600	234
Retail	Chaoyang	Sunstrans Buidling	1,129	165*
Office	Chaoyang	Oriental Culture & Art Centre	962	141
Office	Xicheng	HengAo Centre	374	55*
Residential	Xicheng	Jingyuan International Apartment	351	51*

# GREATER CHINA SHANGHAI

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	5.6% (Q2 09)	3.1% (Q1 09)
Inflation Rate (y-o-y)	-1.5% (Jun 09)	-0.4% (Mar 09)
Prime Lending Rate (end of period)	5.31% (Q2 09)	5.31% (Q1 09)

## INITIAL YIELDS

Prime Office	8.0 - 10.0%
Luxury Residential	8.0 - 10.0%
Retail	10.0 - 12.0%
Industrial	8.0 - 10.0%

Gross yields - the ratio of gross income (i.e. income before non-recoverable costs are allowed for) over purchase price.

The Shanghai property investment market witnessed a rise in activity and improved sentiment in the second quarter, thanks largely to the loosening of credit controls and the rapid rebound of the residential market. Driven by pent-up demand accumulated in the second half of 2008 and revived investor interest under the relaxed credit conditions, the residential sales market enjoyed a rapid rebound in transaction volume and the end of declining capital values. The average price of luxury apartments increased by 1.4% q-o-q during the review period, while the recovery of investment sentiment also led to the growth of capital values of other types of properties. The average prime office strata-title capital value increased by 1.8% q-o-q.

While domestic investors such as Lujiazui and New Huangpu were responsible for the bulk of major transactions in the first quarter, the second quarter witnessed the return to the market of investors from Hong Kong and elsewhere overseas. The quarter saw AMB reportedly complete the acquisition of an 87,116-sm (938,000 sf) industrial site with 28,280 sm (304,000 sf) of distribution facilities for RMB 83 million (US\$12.2 million).

In April Harbour Centre Development Ltd announced it had entered into an agreement with Greentown China Holdings Ltd to purchase a 100% equity stake in Shanghai Luyuan Property Development Co. Ltd (Luyuan) indirectly owned by Greentown. Luyuan owns Plot D1 in New Jiangwan of Yangpu District and the total consideration of the deal was reportedly to be RMB 1.23 billion (US\$180 million). Plot D1, a 59,254-sm (637,810 sf) residential site, was acquired by Luyuan in 2007 via public listing and auction at a total price of about RMB 1.26 billion (US\$184.5 million). Harbour Centre will dispose of its 40% equity in Hangzhou Greentown Haiqi Property Development Co. Ltd to Greentown as part of the deal.

June saw Shanghai Industrial Holdings Ltd announce that its wholly-owned subsidiary S.I. Properties Holdings Ltd would pay RMB 2 billion (US\$293 million) for the entire sale share and loan of Better Score Ltd, which indirectly owns the development rights to Blocks 2, 8, 9 and 10 in Shanghai Bay – a large-scale mixed-use project in the riverside area of Xuhui District. The four related blocks are comprised of 396 luxury residential units with a total saleable gross floor area of approximately 103,520 sm (1.11 million sf).

Other major transactions included Capital Strategic Investment Ltd's acquisition of Lehman Brothers Commercial Corporation Asia Ltd's loan facility to the company indirectly owning International Capital Plaza, and Catholic Shanghai's en-bloc purchase of Yue Da He Bin Building for approximately RMB 210 million (US\$30.7 million).

Looking ahead to the remainder of the year, the expected improvement in both the domestic and global economy should see more investors re-enter the market. The second half will see the issue of the first government supported REIT and the implementation of the revised Insurance Law allowing insurance companies to invest in the real estate sector. Both these moves should provide further support and confidence to the core property investment market.

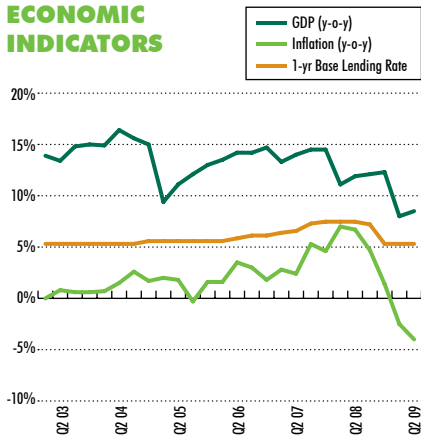
## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = RMB 6.834 (Q1 2009)\* US\$ 1 = RMB 6.831 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			RMB	US\$
Residential	Xuhui	Equity and loan of Better Score Limited, which owns the developments of Shanghai Bay	2,000	293
Mixed	Pudong	100% equity of Shanghai POSCO E&C Real Estate Development Co. Ltd (POS Plaza)	1,760	258*
Site	Yangpu	100% equity of Shanghai Luyuan Property Development Co. Ltd (Plot D1 in Jiangwan)	1,230	180

# GREATER CHINA GUANGZHOU

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	8.5% (Q2 09)	8.0% (Q1 09)
Inflation Rate (y-o-y)	-3.8% (Jun 09)	-2.5% (Mar 09)
Prime Lending Rate (end of period)	5.31% (Q2 09)	5.31% (Q1 09)

## INITIAL YIELDS

Prime Office	6.3 - 7.8%
Luxury Residential	2.4 - 4.6%
Retail	6.0 - 8.0%
Industrial	na

Gross yields - the ratio of gross income (i.e. income before non-recoverable costs are allowed for) over purchase price.

The Guangzhou property investment market regained momentum over the first and the second quarters of 2009 as market sentiment saw a steady improvement. The total value of completed transactions during the first six months of the year, contributed by two major deals, amounted to about RMB 616.6 million (US\$90.3 million), nearly three times the total of RMB 219.2 million (US\$32 million) achieved during the entire twelve months of 2008.

The period saw The Guangdong branch of China Development Bank – a state-owned enterprise – enter an agreement with R&F Properties to acquire portions of office, retail and parking space in R&F Winner Plaza as well as securing the right to re-name the building, the deal was completed for approximately RMB 500 million (US\$73 million).

Local developers were active in acquiring development sites. Guangzhou Xinyi Enterprise Development Co Ltd spent RMB 117 million (US\$17.1 million) to take a 49% interest in a development project in Wuyang New Town from Donghua Enterprise, which will maintain a 51% stake. The site, which is designated for residential and retail development, was acquired by Donghua Enterprise for RMB 180 million (US\$26.4 million) in November 2008. The second quarter saw Guangzhou-based developer Aoyuan Property lodge a bid to acquire a 70% stake in Guangzhou Huancheng Company for HK\$352 million. The latter is an indirectly-owned subsidiary of Hong Kong based Skyframe Realty (Holding) Limited, which holds a commercial site at the intersection of Tianhe North Road and Linhe East Road with a designated GFA of 113,031 sm (1.2 million sf). However, the offer was eventually rejected by Skyframe shareholders. Overseas investors remained on the sidelines during the first six months of the year, although some continued to evaluate suitable assets for investment purposes.

The local land market enjoyed a strong revival in the first half of the year as local developers rushed to snap up prime sites for future development. Most local developers have now recovered from previous capital shortfalls thanks to the significant rebound in the primary residential sales market and the loosening of credit. After having made little or no acquisitions during the market downturn developers' land banks have decreased substantially over the past nine months. Securing development sites has therefore become imperative for domestic developers. In one major deal, Guangzhou City Construction & Development Property Holdings (GCCDP) acquired a 6,349-sm (68,340 sf) site in PRNC for RMB 345 million (US\$50.5 million). Vanke, R&F Properties, Country Garden Group and Guangzhou Nimble Group snapped up residential sites in suburban areas, while Shenzhen based developer Kaisa Group acquired a land plot in the downtown area.

The first half also witnessed a series of government measures to boost the real estate market, and these have been credited as a major factor behind the market recovery. In the first quarter the Guangdong government launched a stimulus package conditionally entitling developers to deferred payments of land premiums. For land transferred in 2008, the government will allow developers to defer payments of land premiums for no more than two years. The package also included the amortisation of the Land Appreciation Tax, meaning that developers are now able to pay the LAT in installments before the deadline. Also during the review period the State Council lowered the minimum equity ratio required for social security housing from 35% to 20%, and the threshold for other real estate developments to 30%.

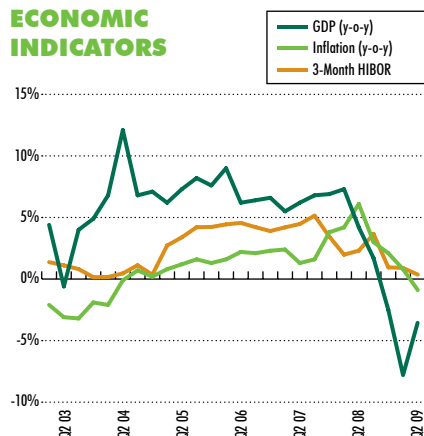
## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = RMB 6.834 (Q1 2009)\* US\$ 1 = RMB 6.831 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			RMB	US\$
Office	Tianhe	Portion of R&F Winner Plaza	500	73

# GREATER CHINA HONG KONG

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	-3.8% (Q2 09)	-7.8% (Q1 09)
Inflation Rate (y-o-y)	-0.9% (Jun 09)	0.8% (Mar 08)
3 Month HIBOR (end of period)	0.36% (Q2 09)	0.90% (Q1 09)

## INITIAL YIELDS

Prime Office	3.1%
Luxury Residential	3.0%
Retail	4.2%
Industrial	6.8%

Net yields - defined as the ratio of net income (i.e. income after allowing for non-recoverable costs of ownership) over purchase price.

The second quarter witnessed a big jump in real estate investment activity in Hong Kong as market sentiment significantly improved from the first quarter. Prices rebounded faster than expected mainly due to low interest rates, the stock market rally and the inflow of hot money. Sales were especially strong in the luxury residential sector and also picked up in the retail and office sectors.

Residential sales activity in June rebounded to levels similar to December 2007. Many local banks were offering HIBOR based mortgages where interest rates were effectively around 1%. In the luxury residential sector a house at 10-18 Pollock's Path on the Peak was sold for HK\$300 million (US\$39 million), or \$41,500 psf, marking the most expensive residential transaction undertaken during the first half of 2009.

Grade A office capital values rebounded drastically by 52% q-o-q with yields falling from 5% at the end of 2008 to 3.1% in the second quarter, largely due to the ongoing softening of rents on the back of weak demand for office space. Notable office transactions during the second quarter included the sale of the Manley Commercial Building for HK\$193 million (US\$24.9 million).

The retail sector also witnessed a similar trend with capital values increasing and yields sliding with capital values rising by 15.2% over the second quarter. Investment demand for retail space remained strong, particularly for prime ground floor shops in traditional tourist districts. As rents have been rather flat in comparison to the growth in prices, retail yields fell 64 bps to 4.2%. Significant investment sales included Continental Diamond Plaza, a commercial building with strong retail components which was sold for HK\$838 million (US\$108 million).

In the industrial sector warehouses continued to see a decline in both rents and prices, reflecting the poor outlook for the trade and logistics sector over the medium term. Warehouse capital values fell 5% over the quarter and yields increased slightly by 13 bps, mainly due to the more rapid decline of capital values compared to rents. The period witnessed a number of institutional investors dispose of industrial real estate assets to cash rich local investors. Major deals included the sale of Yiu Fung Cold Storage, for HK\$390 million (US\$50 million) by Goodman as well as the sale of Niche Centre by ING Real Estate for HK\$234 million (US\$30 million).

In addition to local capital there were also increasing interest from mainland Chinese investors, a trend borne out by the acquisition of two office floors in Convention Plaza for HK\$426 million (US\$55 million) by Sinopec (HK). As a result there continued to be a robust investment appetite for the acquisition of en-bloc commercial properties in Hong Kong.

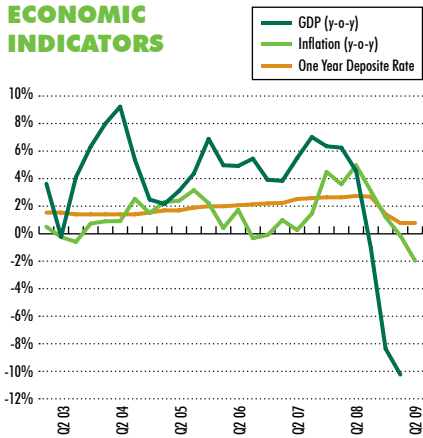
## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = HK\$ 7.750 (Q1 2009)\* US\$ 1 = HK\$ 7.750 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			HK\$	US\$
Retail	Causeway Bay	Continental Diamond Plaza En-Bloc	838	108
Residential	Repulse Bay	Palm Villa En-Bloc	445	57*
Office	Wanchai	Convention Plaza Office Tower 19/F & 24/F	426	55
Industrial	Kwai Chung	Brilliant Cold Storage Tower 2 En-Bloc	390	50
Office	Tsim Sha Tsui	Kincheng Commercial Centre En-Bloc	390	50
Retail	Mongkok	Yuen King Building G/F, 1/F & 2/F	350	45
Industrial	North Point	Kodak House II 18/F & 20/F	300	39*
Residential	The Peak	Skyhigh	300	39
Office	Jordan	Cyber Plaza En-Bloc	254	33
Industrial	Kowloon Bay	Niche Centre En-Bloc	234	30

# GREATER CHINA TAIPEI

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	-10.24% (Q1 09)	-8.61% (Q4 08)
Inflation Rate (y-o-y)	-1.97% (Jun 09)	-0.15% (Mar 09)
One Year Deposit Rate (end of period)	0.77% (Q2 09)	0.77% (Q1 09)

## INITIAL YIELDS

Prime Office	3.8 - 4.5%*
Luxury Residential	n.a.
Retail	4.0 - 5.0% ^
Industrial	4.0 - 5.0%*

\* Gross yield  
^ Net yield

The second quarter saw the Taipei property investment market get off to a strong start at the beginning of April with Fubon Life Insurance submitting a winning bid of NT\$11.6 billion (US\$353 million) for the Shin Kong Mitsukoshi A11 Building. Investment confidence was further boosted when institutional investors and developers were observed to be increasingly active in some land auctions, a phenomenon not evident in the lacklustre first quarter.

Investment sentiment in the real estate capital market was fairly strong over the second quarter, mainly resulting from the expected financial cooperation across the Strait and the opening of Taiwan's market to mainland Chinese capital announced during the third round of cross-strait talks held in late April. At the end of June, the Taiwanese government approved a series of new measures stipulating Chinese investment in Taiwan. Chinese companies are now allowed to invest in 100 categories of local industries, including retailing and hospitality. Most importantly, Chinese enterprises are permitted to set up branches and representative offices in the country, which will in turn benefit the office leasing market. As Chinese companies can freely rent or purchase office space (for self-use only) under the new rules, Taiwanese landlords have become less flexible on rental negotiations and a decreasing number of landlords looking to dispose of assets has been observed in the review period.

Developers began to acquire land parcels during the review period. Total sales of land transactions reached nearly NT\$12.5 billion (US\$380 million) in the quarter, up by 165% q-o-q. Although the transaction volume and turnover in relation to land investment were relatively low in comparison to the first two quarters of 2008, land investment sales as of the second quarter rallied back to levels achieved in the last quarter of 2008 when the overall property market, especially the commercial real estate segment, faced escalating pressure from the global financial tsunami. Notable transactions included Shin Kong Life Insurance obtaining a site zoned for residential use for roughly NT\$1.5 billion (US\$44.7 million) through a government auction. A total of 22 entities lodged bids for the site, which was transacted at a premium of 168% to the floor price at the end.

In April, Fubon Life Insurance acquired the Shin Kong Mitsukoshi A11 building from Shin Kong Life Insurance for NT\$11.6 billion (US\$353 million). The retail property is located in the exceptional Xinyi Planned Area in Taipei City and is currently leased to the Shin Kong Mitsukoshi Department Store. The period also saw the Nan Shan Life Insurance acquire the Minsheng Financial Building for NT\$8.2 billion (US\$249.7 million). The 509,730-sf Grade A office building is located in the Minsheng-Dunhua Area, a prime office district expected to be favoured by Chinese office occupiers in the future.

The quick rebound in the investment market was evidenced by increasing capital values for properties across sectors in the second quarter. Commercial properties generating investment yields of 4% or above are likely to be popular choices for institutional investors going forward.

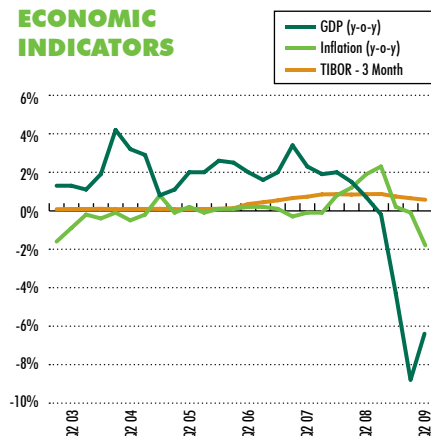
## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = NT\$ 33.900 (Q1 2009)\* US\$ 1 = NT\$ 32.840 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			NT\$	US\$
Retail	XJA	Shin Kong Mitsukoshi A11 Building	11,600	353
Office	MDA	Minsheng Financial Building	8,200	250
Office	ZNR	Shin Kong Zhongshan Building	3,802	112*
Retail	East	Hsinchu RT-Mart	2,500	74*

# JAPAN TOKYO

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	-6.4% (Q2 09)	-8.7% (Q1 09)
Core Inflation Rate (y-o-y)	-1.7% (Jun 09)	-0.1% (Mar 09)
3 Month TIBOR (end of period)	0.57% (Q2 09)	0.65% (Q1 09)

## INITIAL YIELDS

Prime Office	3.5 - 4.0%
Luxury Residential	5.5 - 6.5%
Retail	3.5 - 4.0%
Industrial	5.3 - 5.8%

Net yields - defined as the ratio of net income (i.e. income after allowing for non-recoverable costs of ownership) over purchase price.

Market sentiment in the Tokyo real estate investment market improved towards the end of the first half of 2009 but strict lending controls and tight debt market conditions continued to restrict investment activity. Overseas investors remained largely absent but the second quarter nevertheless saw five major office transactions conclude at US\$50 million and above. All of the buyers were Japanese investors or investment institutions, proving that they still maintain an appetite for quality assets.

Among the largest of the transactions reported during the review period was Mitsubishi Estate's acquisition in March of the Asahi Life Insurance Otemachi Building in Chiyoda-ku, Tokyo for approximately JPY 80 billion (US\$810 million). The property provides a total floor area of nearly 538,200 sf over 29 storeys above ground and 4 storeys below. Mitsubishi Estate reportedly intends to redevelop the building.

In January Hankyu REIT (HRI) acquired four assets worth a total of nearly JPY 19 billion (US\$192 million) through a related party transaction. The acquisitions were financed entirely by debt from several notable banks. Among the acquisitions was Laxa Osaka in Osaka City, Osaka Prefecture, a mixed-use hotel, retail and office building purchased for JPY 5.1 billion (US\$52 million) at an estimated NOI cap rate of 6.4%. The subject is a 430,560-sf building over 24 storeys. HRI acquired a sectional ownership of 326,150 sf which includes the hotel and part of the office floor and retail store space.

In April Mizuho Bank acquired the Nakameguro Centre Building from Hulic Co., Ltd. for JPY 46 billion (US\$478 million). The building provides a total floor area of 460,700 sf over 11 storeys. Mizuho Bank has been occupying the entire building since Hulic acquired it in 1998. Also in April, Kyowa Exeo Corporation, a Tokyo-based systems solutions firm, acquired Heiwajima Tosei Building in Ota-ku for JPY 7.2 billion (US\$75 million). Kyowa Exeo plans to consolidate its branch offices and group firms into the newly acquired building by early September.

In May, Nippon Life Insurance acquired AIG Otemachi Building for approximately JPY 115.5 billion (US\$ 1.2 billion) following a public tender involving domestic and foreign bidders. The deal marked one of the largest asset sales by AIG since its rescue by the US government last September. The building is situated in the heart of Marunouchi district and provides a total floor area of approximately 409,000 sf over 15 storeys. About 30% of the building is occupied by AIG group companies including AIU Insurance and Alico Japan. They will continue to occupy the current space following the signing of a sale-and-leaseback agreement.

On the economic front the Japanese economy grew for the first time in five quarters by 0.9% q-o-q or minus 6.4% y-o-y in annualised terms during the April-June period. The benchmark prime office NOI cap rate softened from 3.0% to 3.5% during the second quarter with the yield spread over the 10-year Japanese Government Bond increasing to 210 bps, notwithstanding bond yields rising to 1.4% by the end of the second half.

## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = JPY 98.840 (Q1 2009)\* US\$ 1 = JPY 96.310 (Q2 2009)

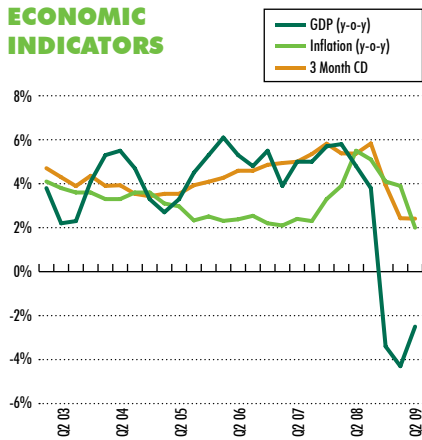
SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			JPY	US\$
Office	Chiyoda-ku	AIG Otemachi Building	115,500	1,200
Office	Chiyoda-ku	Asahi Life Insurance Otemachi Building	80,000	809*
Office ^	Meguro-ku	Nakameguro Center Building (Data Centre)	46,000	478
Retail	Osaka City	SOGO Department Shinsaibashi Store	37,910	384*

^ Data Centre

# SOUTH KOREA

# SEOUL

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	-2.5% (Q2 09)	-4.3% (Q1 09)
Inflation Rate (y-o-y)	2.0% (Jun 09)	3.9% (Mar 09)
3 Month CD Rate (end of period)	2.41% (Q2 09)	2.43% (Q1 09)

## INITIAL YIELDS

Prime Office	7.5 - 8.5%*
Luxury Residential	1.0 - 1.5% ^
Retail	6.0 - 7.0%*
Industrial	8.0 - 9.0%*

\* Gross yield  
^ Net yield

The Seoul investment property market witnessed a rise in activity during the first half of the year with aggressive participation by investors. Market conditions improved thanks to the government providing sufficient liquidity to the market and debt financing difficulties for investors largely abating. The improved market sentiment saw a spike in bids for properties listed for sale, although no significant transactions were closed. The review period saw traditional market players including institutional investors, pension funds, and foreign investors reenter the market and participate in the bidding process for quality assets. The Seoul Grade A office market remained relatively stable despite an uptick in vacancy and rents were resilient.

There were no major transactions involving Grade A office buildings during the second quarter but two major Grade B office buildings changed hands, Kium Securities acquired the Yeouido Building GFA 19,061 sqm (205,170 sf) in the YBD for KRW 78.6 billion (US\$61.8 million) from RREEF for use as its headquarters. The Hyundai Swiss Building in the GBD was acquired by Mitaa Wilshire Investment LLC for KRW 62 billion (US\$48.7 million). This deal was significant for being the first investment by a US based investor attracted by the weak Korean won since the onset of the financial turmoil in October 2008. The capitalisation rate for both Grade B transactions remained between 6.5%-7%, slightly lower than the market average.

Despite the fall in the number of transactions involving office properties in the three major business districts during the second quarter, the slide in the capitalisation rate for the aforementioned transactions indicates the market is stabilising and investor confidence is improving. There has been a significant increase in the number of Letters of Intent (LOIs) submitted for buildings for sale and prices for Grade A properties have now rebounded 30% from the trough earlier this year. During the bid process for the Kukdong Building in June 2009, the GE-NPS (GE AMC Korea and National Pension Service) REIT, which gave up its previous chance to acquire the property in the last bid process in late 2008 due to the sluggish fund raising environment, was chosen as the preferred bidder, and the deal is expected to close in August. The Kukdong Building was listed for sale starting in the third quarter of 2008 upon the maturity day of Macquarie Central CR-REITs in December 2008, but it extended the maturity day until 2010 due to the failure of disposition amid the emerging global financial crisis. The bidding price was around KRW 310 billion, 10-15% higher from the market trough in the first quarter of 2009.

June also saw several bids lodged for two other high profile office properties in the GBD, the ING Tower and the DACOM Building, reflecting the improved sentiment in the investment market. Reports said the KB Real Estate Trust had been chosen as the first bidder, with a bidding price of approximately KRW 400 billion (US\$314 million). Compared to the fourth quarter of 2008 and the first quarter of 2009, prices have rebounded, although there were no comparable Grade A transactions in those periods. With respect to current price rebounds in June, the cap rate, which has surged to 8.0% from around 5% since October 2008, has declined and stabilised below 7%.

## MAJOR TRANSACTIONS

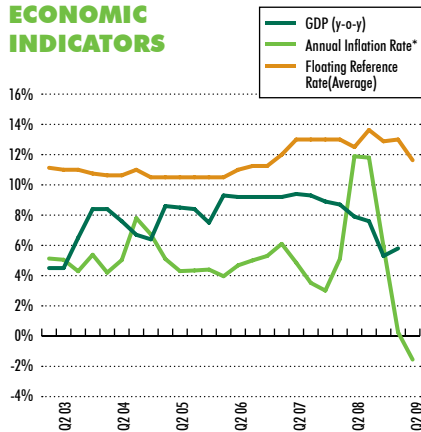
EXCHANGE RATE: US\$ 1 = KWR 1,372.3 (Q1 2009)\* US\$ 1 = 1,272.5 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			KWR	US\$
Office	CBD	Kumho Asiana Building	240,000	175*
Office	CBD	YTN Tower	164,900	120*
Office	YBD	Yeouido Building	78,600	62
Office	GBD	Hyundai Swiss Building	62,000	49
Office	GBD	Handy Soft HQ	41,500	33

# INDIA

# MUMBAI

## ECONOMIC INDICATORS



\* based on Wholesale Price Index (WPI)

INDIA	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	5.8% (Q1 09)	5.3% (Q4 08)
Inflation Rate*	-1.55% (Jun 09)	0.26% (Mar 09)
Floating Reference Rate (end of period)	11.00-12.25% (Q2 09)	12.00-13.05% (Q1 09)

\*Wholesale Price Index (WPI) is the base for calculating the inflation rate in India (y-o-y)

## INITIAL YIELDS

Prime Office	13.0 - 15.0%
Luxury Residential	3.5 - 5.0%
Retail	14.0 - 16.0%
Industrial	n.a.

Gross yields - the ratio of gross income (i.e. income before non-recoverable costs are allowed for) over purchase price.

The Mumbai real estate investment market gradually improved during latter period of the first half of the year as the newly elected government instilled the business community with confidence and boosted market sentiment. The period saw a number of large developers successfully raise new funds through the Qualified Institutional Placement (QIP) route, which relieved the strain on liquidity to some extent. Private players found themselves in a stronger position following the marginal easing of interest rates and the willingness of banks to discount leased properties. The market saw renewed interest from investors for income producing assets.

In the residential segment, overall investor sentiment was subdued. High prices and high interest rates forced developers to shift their focus from luxury housing to the affordable housing segment. The move succeeded in attracting greater interest from end users and residential sales picked up noticeably during the second quarter. Some new project launches such as HDIL in Versova & Kurla, Lodha in Thane and Rustomjee in Thane & Virar all recorded a jump in transactions.

A number of project timelines were delayed in light of the oversupply situation coupled with reduced demand due to the global economic slowdown. Developers began to drop their plans for IT and ITES projects in favour of residential and corporate office developments due to uncertainty over the rate of growth in the sector in the near term.

Nevertheless, the drop in rentals coupled with a minor recovery in market sentiment fueled some activity in the commercial sector in the second quarter. Investors have begun to find value in pre-leased commercial properties and the reduction in deposit rates means property yields in the range of 13% to 15% look attractive. However, greater risk is being factored in the yield for transactions at peak rentals of 2007 – 08 which appear unsustainable. Major transactions during the quarter included SUN Apollo Ventures, a joint venture between SUN Group and New York's AREA Property Partners, purchasing a 15% stake in Mumbai based real estate developer Keystone Realtors for US\$62.5 million. The deal marked the first transaction by the joint venture's US\$630 million SUN-Apollo India Real Estate Fund in 2009. Elsewhere, Indian Hotels Company Ltd (IHCL) acquired an 85% stake in Elel Hotels and Investments, which owns the Mumbai-based Sea Rock Hotel, for INR 6.8 billion (US\$141.7 million). Other deals in the pipeline include the sale by Mumbai International Airport Limited (MIAL) of 200 acres of land at the Santa Cruz area in the western suburbs of Mumbai. The first tranche of 65 acres will be put on the block in the third quarter and land is valued at around INR 100 billion (US\$2.1 billion). Finally, Pune-based Avinash Bhosle Infrastructure is proposing to acquire 20% in the Shangri La at Lower Parel, Mumbai. The project is being developed by Phoenix Mills Ltd.

While the first half witnessed some positive developments, the risk of further downside has not completely disappeared. Developers continue to be highly leveraged and there is a high unsold inventory-to-sales ratio in major micro markets. The residential segment may ease liquidity pressures due to the large unfulfilled demand from end-users in the budget segment who are beginning to enter the market again.

## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = INR 51.160 (Q1 2009)\* US\$ 1 = INR 47.980 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			INR	US\$
Hotel	Bandstand Bandra	Sea Rock Hotel	6,800	142

## INDIA

## NEW DELHI

**“INVESTORS WERE OBSERVED SCOUTING FOR QUALITY ASSETS IN TIER I CITIES ACROSS ALL ASSET CLASSES”**

The New Delhi real estate investment market was relatively inactive at the beginning of the year but signs of recovery were evident as the first half came to a close. Improved economic conditions and the swift upward movement of the stock market bolstered market sentiment and investors once again began to eye quality assets.

The review period saw a significant number of developers step away from a strategy of offloading non-core assets, preferring to instead adopt the Qualified Institutional Placement (QIP) route to raise new funds. The QIP approach had not been viable since the beginning of the market downturn in late 2008 but signs of economic recovery encouraged several major developers including Unitech, Omaxe and Parsvnath to raise funds via this method.

Capital values in the office sector looked to have bottomed out in the first half as enquiries began to rise. Both end-users and investors were observed scouting for quality assets in Tier I cities across all asset classes. However, investors remained cautious about Tier II cities. Rental values continued to come under downward pressure due to higher vacancy levels in completed developments. End user demand, which has been gradually increasing, is unlikely to ease this pressure in the short term due to the significant quantum of supply expected to come on stream over the next few quarters. There was no investment activity in the luxury retail segment during the review period as the only luxury mall in the Delhi NCR, the DLF Emporio, is offered to end-users strictly on a lease basis. Rentals fluctuated mildly but stabilised towards the end of the second quarter.

There was a marked increase in enquiries in the residential segment. The demand for houses was negligible in the second half of 2008 but developers stung by the credit crunch and sagging demand for high end housing have now shifted their focus to developing projects aimed at low to mid income and middle class households. Budget Homes are now the focus for developers and end users alike with developers taking the lead in re-aligning their product offering to woo end-users.

One notable real estate transaction was the sale of the Courtyard by Marriott Hotel in Gurgaon by Unitech to a local investor for approximately INR 2.31 billion (US\$48 million) in June.

Looking at the outlook for the remainder of the year, the New Delhi real estate investment market is likely to witness a steady rise in activity with the enquiries witnessed in the second quarter expected to be converted to transactions in the third and fourth quarters. Further cuts in bank interest rates could add to the market momentum. Capital values are likely to gradually move upwards in the medium term and institutional investors will continue to cautiously explore the market for opportunities in Tier I cities.

## INITIAL YIELDS

Prime Office	10.0 - 12.0%
Luxury Residential	2.5 - 3.0%
Retail	10.0 - 12.0%
Industrial	11.0 - 13.0%

Gross yields - the ratio of gross income (i.e. income before non-recoverable costs are allowed for) over purchase price.

## MAJOR TRANSACTIONS

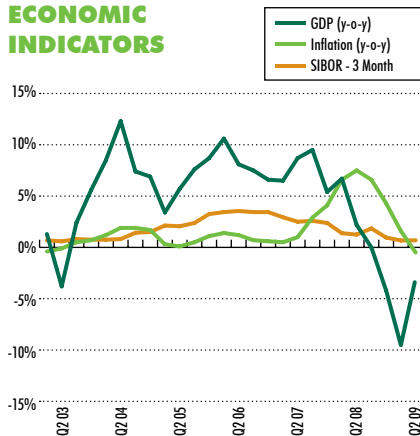
EXCHANGE RATE: US\$ 1 = INR 51.160 (Q1 2009)\* US\$ 1 = INR 47.980 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			INR	US\$
Hotel	Gurgaon	Courtyard by Marriott	2,310	48

# SINGAPORE

# SINGAPORE

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	-3.5% (Q2 09)	-9.5% (Q1 09)
Inflation Rate (y-o-y)	-0.5% (Jun 09)	1.6% (Mar 09)
3 Month SIBOR (end of period)	0.69% (Q2 09)	0.67% (Q1 09)

## INITIAL YIELDS

Prime Office	4.8%
Luxury Residential	2.7%
Retail	6.1%
Industrial	5.3%

Net yields - defined as the ratio of net income (i.e. income after allowing for non-recoverable costs of ownership) over purchase price.

The Singapore real estate investment market witnessed a big jump in activity in the second quarter, with sentiment buoyed by a sharp recovery in the stock market. The residential sector (including Good Class Bungalows) accounted for 66.8% of the quarter's total investment sales, or S\$725.56 million (US\$501 million) in transacted value. In addition to a growing number of high-end residential condominium sales, GCB sales also rose significantly, with 14 such transactions compared to just three in the preceding quarter. Transactions included the sale of 2 Binjai Rise and 217 Jervois Road for S\$19.8 million (US\$13.7 million) each and 2A Ridley Park for S\$30.0 million (US\$20.7 million).

Small-sized land parcels were acquired by Fragrance Properties and World Class Venture, a subsidiary of Aspiat, in the second quarter. Fragrance Properties bought a 26,130 sf site at Balestier Rd for a total of S\$29.8 million (US\$21 million) or S\$408 psf/plot ratio. With a freehold tenure and a plot ratio of 2.8, Fragrance intends to develop the land into an apartment building. Elsewhere, World Class Venture bought a row of shophouses at East Coast Rd to develop into residential apartments, with a site area of 23,813 sf, the purchase price of S\$10.62 million (US\$7.3 million) translates to S\$318 psf/plot ratio. The same company also acquired a 11,228 sf site in Dunearn Rd for S\$6.9 million (US\$4.8 million) or S\$439 psf/plot ratio. Should the momentum of sales in the residential market continue the way it has, developers are expected to selectively trigger well-located residential parcels from the GLS Reserved List in the next six months.

Three en-bloc office buildings were sold during the second quarter, injecting life into what was previously a quiet commercial investment market. There was a total of S\$266.44 million (US\$184.1 million) in commercial transactions, representing 24.5% of total investment sales in the country. Parakou Building at Robinson Road was sold to a subsidiary of Cathay Organisation for S\$81.4 million (US\$56 million) on 63,580 sf of net floor area, while Anson House was sold to a group of high-net worth individuals at a price of S\$85.0 million (US\$58.7 million) on 76,127 sf of net lettable area. VTB Building was sold to Yi Kai and the Fission Group for S\$71.0 million (US\$49 million) on the 66,888 sf of net lettable area. It was reported that the site would be redeveloped as a residential project. In general, office rents were under more pressure than capital values and this resulted in a temporary compression of yields.

There were six investment transactions in the industrial sector, accounting for S\$58.9 million (US\$40.7 million) or 5.4% of total investment sales for the quarter. Most of the buyers were end-users. The only public sale for the quarter involved the URA tender for the 99-year leasehold hotel site at Short Street, which closed on 10 June with 14 valid bids received. Fragrance Assets Pte Ltd submitted the highest bid of S\$15.5 million (US\$10.7 million) or S\$353 psf/plot ratio. The site has a maximum gross floor area of 4,077 sm (43,885 sf).

The first movers in the commercial real estate investment arena have been private Asian investors, who have less issue with financing and fund their purchases mainly with equity and a comparatively smaller amount of debt.

## MAJOR TRANSACTIONS

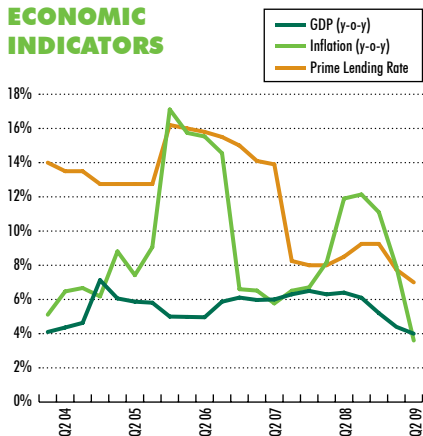
EXCHANGE RATE: US\$ 1 = S\$1.522 (Q1 2009)\* US\$ 1 = S\$1.447 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			S\$	US\$
Office	Downtown Core	Anson House	85	59
Office	Downtown Core	Parakou Building	81	56
Office	Downtown Core	VTB Building	71	49
Residential	Core Central region	Cree Court	53	37
Office	Fringe	Le Mercier House	36	25

# INDONESIA

# JAKARTA

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	4.0% (Q2 09)	4.4% (Q1 09)
Inflation Rate (y-o-y)	3.65% (Jun 09)	7.92% (Mar 09)
Prime Lending Rate (end of period)	7.00% (Q2 09)	7.75% (Q1 09)

## INITIAL YIELDS

Prime Office	9.5 - 11.0%
Luxury Residential	10.8 - 12.0%
Retail	10.0 - 13.5%
Industrial	8.5 - 10.3%

Net yields - defined as the ratio of net income (i.e. income after allowing for non-recoverable costs of ownership) over purchase price.

Activity in the Jakarta property investment market was limited in the first half of the year but economic data showed Indonesia was weathering the global economic downturn relatively well, thanks to easing inflation and the lower BI interest rate.

Despite the inactive market, the period saw one investment transaction involving a small office tower development with a total floor area of approximately 7,000 sm (75,348 sf). The property, which was completed at the beginning of the quarter, changed hands from a domestic developer to a logistics services company for IDR 115 billion (US\$11.3 million).

One major new mixed used project was announced in the second quarter. GP Plaza will be located in the Jl. Jend S. Parman/CBD area and is to be developed by Group Gapura Prima (GGP). The proposed development will be a 31-floor building consisting of shopping arcade on a podium, strata-titled offices on the lower floors (5 - 19) and strata-titled apartments on the higher floors (20 - 30). The project will cost around IDR 750 billion (US\$73.5 million) and will be finished in early 2011. Yield levels for the office sector ranged from 9.5% - 10.25%.

The period saw the Lippo Group announce a major industrial estate development. Delta Silicon Phase 3 will be located at Cikarang in the Bekasi Area on a 200 hectare site providing investors and occupiers with the opportunity to develop built-to-suit facilities. Phase 3 is part of Lippo Group's expansion plan following the completion of Phase 1 and 2 which are both now near full occupancy. PT. Unilever also revealed plans to develop a new manufacturing plant during the quarter. The 10-hectare site will constitute the biggest health product factory in Asia and comes with a total investment value of approximately IDR 500 billion (US\$49 million). Yield levels for industrial property ranged from 8.5% - 9.38%.

The terrorist attacks on the two luxury hotels in July is expected to hit investor sentiment in the short term, a situation which may hit the economic recovery and investor confidence in the property market. However, there has yet to be any indication of significant levels of capital flight.

## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = IDR 11,535 (Q1 2009)\* US\$ 1 = IDR 10,200 (Q2 2009)

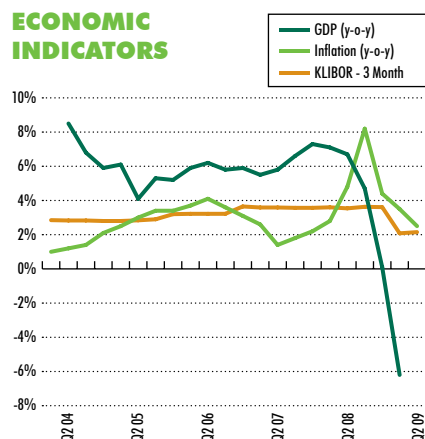
SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			IDR	US\$
Office	Central	Office Building	115,000	11

## MALAYSIA

## KUALA LUMPUR

This section is contributed by Regroup Associates

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	-6.2% (Q1 09)	0.1% (Q4 08)
Inflation Rate (y-o-y)	2.5% (Jun 09)	3.5% (Mar 09)
3 Month KLIBOR (end of period)	2.15% (Q2 09)	2.08% (Q1 09)

## INITIAL YIELDS

Prime Office	6.3 - 6.8% ^
Luxury Residential	6.0 - 7.7%*
Retail	7.0 - 7.9% ^
Industrial	n.a.

\* Gross yield  
^ Net yield

Investment activity in the Malaysian property market was thin during the first half of the year, with domestic investors responsible for the few deals that did occur. There were no significant transactions in the office, retail and residential sectors, although a number of scattered transactions took place in the industrial and hospitality sectors.

The quarter saw one major government measure to stimulate foreign investment. With effect from 30 June 2009 the Foreign Investment Committee (FIC) guideline on the acquisition of interests, mergers and takeovers was abolished, resulting in the removal of most restrictions on the purchase of properties by foreign interests, with only minor controls remaining in place. Foreign ownership in the fund management industry is now also fully liberalised to allow 100% ownership in the wholesale segment and 70% in the retail fund management segment and existing stock broking companies, up from 49% previously.

Major transactions during the quarter included a commercial plot adjacent to Tesco Malaysia's forthcoming distribution centre in Bukit Beruntung, north of Kuala Lumpur and measuring 78.7 acres, which was sold to a private developer for RM 44.9 million (US\$ 12.8 million). In April, Tesco Malaysia Sdn Bhd acquired 10.95 acres of commercial land located in Equine Park, South of Kuala Lumpur for RM 29.77 million (US\$8.5 million) for the development of a new hypermarket under its brand name. In June, Trans-Asia Shipping Corp Bhd purchased JVC Manufacturing Malaysia Sdn Bhd's factory-cum warehouse property with 370,000 sf of warehousing space, located at Shah Alam for RM 41.8 million (US\$ 11.9 million). Trans-Asia Shipping Corp Bhd is proposing to develop the existing warehouse space to integrate its external warehousing facilities. In April, Pulau Spring Bhd announced its disposal of the entire equity interest of City Centre Hotel Bhd which owned a 100% stake in the Novotel Kuala Lumpur for RM 47.3 million (US\$13.5 million) to The Nomad Residences Sdn Bhd. The Hotel comprises a six-storey podium block (including a mezzanine floor) atop a 24-storey tower block (including the roof) and five basement levels. It is a 4-star hotel with 291 guest rooms and had an average occupancy rate of 90% in 2008.

Elsewhere in the country, notable foreign investments included 409 acres of land forming part of the proposed Teluk Rubiah resort development in the state of Perak, which were sold to a Brazilian investor for RM 101.9 million (US\$29.1 million). The sale comes with an option to purchase an additional 756 acres at RM 95.8 million (US\$27.3 million).

## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = RM 3.643 (Q1 2009)\* US\$ 1 = RM 3.513 (Q2 2009)

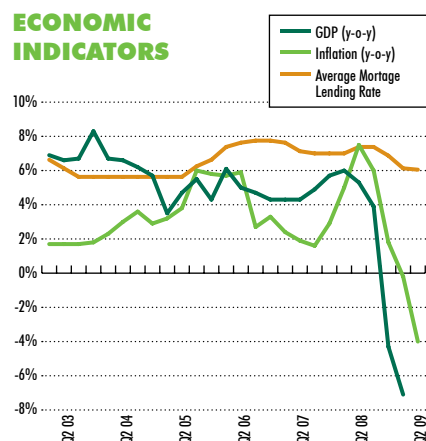
SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			RM	US\$
Land	Kuala Lumpur	Pieces of land measuring an aggregate area of approximate 10,587.5 sm	148	41
Land	Teluk Rubiah, State of Perak	409 acre of development land at Teluk Rubiah, Perak	102	29



# THAILAND

# BANGKOK

## ECONOMIC INDICATORS



	Latest Available Data	Previous Period
Real GDP Growth Rate (y-o-y)	-7.1% (Q1 09)	-4.3% (Q4 08)
Inflation Rate (y-o-y)	-4.0% (Jun 09)	-0.2% (Mar 09)
Prime Lending Rate (end of period)	6.05% (Q2 09)	6.13% (Q1 09)

## INITIAL YIELDS

Prime Office	3.5 - 4.5%
Luxury Residential	4.0 - 4.5%
Retail	6.5 - 7.5%
Industrial	8.0 - 9.0%

Net yields - defined as the ratio of net income (i.e. income after allowing for non-recoverable costs of ownership) over purchase price.

The Bangkok real estate investment market remained quiet in the first half of the year with no significant transactions reported. Foreign investors remained wary of the current political uncertainty and potential risk of investing, and consequently investment activity was dominated by domestic entities. The second quarter was notable for a number of developers re-entering the market in the hospitality and residential sectors. Sales of luxury residential property in Bangkok improved significantly between April and June, mainly driven by the pre-sale of new projects and speculative activity.

The review period saw LPN Development, a publicly listed developer specialising in the development of condominiums, acquire a 14.75 Rai (3.6 acre) site in the Kannayao district for THB 189.6 million (US\$5.57 million). The proposed development will be named Lumpini Condotown Navamin. The same company acquired a further two development sites on Pinklao and Ratchaburana Roads for a total of approximately THB 500 million (US\$ 14.7 million) from Prinsiri, another publicly listed developer.

The period also witnessed a listed property developer acquire a development site situated on Narathiwas Road and Payathai Road for around THB 500 million (US\$14.7 million) to develop residential condominiums. The project will be launched in the second half of the year.

Investor sentiment received a big boost in the first half from the Bank of Thailand's Monetary Policy Committee decision to reduce the key interest rate (One day repurchase rate) to 1.25%. Most bank deposit rates were below 1%. The lack of transactions means that it is not possible to analyse changes in yield but based on conversations with purchasers and dividend yields of public listed property funds there appears to have been little change over the last six months.

Looking ahead, the Securities and Exchange Commission of Thailand (SEC) is set to announce temporary changes to the ownership of units in publicly listed property funds by fund sponsors from one-third to one-half of the total shares outstanding. The purpose is that the limit on a sponsor's holding in the fund be increased. The temporary extension will be for a four year period. Thai public listed funds are restricted from borrowing with a limit of debt set at 10% of Net Asset Value and so have not been affected by tightening lending standards.

## MAJOR TRANSACTIONS

EXCHANGE RATE: US\$ 1 = THB 35.460 (Q1 2009)\* US\$ 1 = THB 34.040 (Q2 2009)

SECTOR	DISTRICT	PROPERTY	APPROX. PRICE (MILLION)	
			THB	US\$
Site	Sukhumvit	Land plot on Sukhumvit Soi 26	358	10*
Site	Kannayao	Land plot on Kannayao 1029	190	6

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## ASIA REAL ESTATE INVESTMENT GUIDE

		GREATER CHINA			NORTH ASIA	
		CHINA	HONG KONG	TAIWAN	JAPAN	SOUTH KOREA
<b>Land</b>	<b>Land system</b>	Leasehold. Land use rights can be granted by the State for designated public uses. General lease term of land use for Residential is 70 yrs; Industrial 50 yrs; Commercial, tourism, recreation 40 yrs and Comprehensive mixed 50 yrs.	Leasehold. Before 1997, land lease terms usually ranged from between 75 and 999 years. Post-1997, land leases shall generally be granted or renewed with a lease term of 50 years.	Freehold and leasehold. The majority of land comes under freehold. Leasehold land usually applies to government-owned lands. The lease terms of leasehold usually range from 30 to 50 years and subject to approval.	Freehold, conventional land leasehold and fixed term land leasehold. There are 3 types of fixed term land leasehold: general fixed term leasehold, fixed term with building assignment right and business use fixed term leasehold.	Freehold. The majority of land is held on fee simple. Generally, leasehold land is very rare and the lease term usually less than 10 years and renew for 10 years upon expiration.
	<b>Land use related restriction</b>	Property developments in China are required to comply with local government regulations on zoning, plot ratio, site coverage, environmental planning and building height. A simplified procedure of the whole development approval process is depicted as follows: 1) A land premium is paid to acquire the Land Ownership Certificate; 2) Development master plan is submitted to the local Planning Bureau for approval to acquire the Permit for the Planned Use of Land 3) A project construction plan is submitted to the local Planning Bureau for approval to acquire the Planning Permit of Construction Engineering; construction conditions are prepared for the approval of local Construction Commission and to acquire the Construction License.	Land use rights in Hong Kong are subject to various restrictions as set out in the Land Leases, the Town Planning Ordinance and Buildings Ordinance. The development of land is subject to plot ratio, zoning, site coverage, environmental impact and development density.	Property developments in Taiwan are required to comply with government regulations on zoning, plot ratio, site coverage, environmental planning and building height. Foreign investors are not allowed to invest in certain property types: forest land; land for fishery; hunting land; salt industry land; mining industry land; land for water sources; boarder land or military land.	Property developments in Japan are required to comply with regulations and laws, most important of such being zoning. Regions where zoning is not in place, permission from the government is required. The urban planning area is divided into Urban Promotion Area (UPA) and Urban Controlled Area (UCA). The former includes the developed region and the regions that are to be developed in the next ten years, whereas urbanization is strictly controlled for the latter. Except for special conditions and approval from the authority, all development activities within UCA are prohibited under city planning laws and related regulations.	Property developments in South Korea are required to comply with regulations and laws on zoning, plot ratio, site coverage and building height. The Ministry of Construction & Transportation is a key administrative body in charge of territorial management, balanced regional development, and construction and management of major infrastructures.
	<b>Restriction</b>	Foreign investors have to register the onshore entities to hold non-self use properties. Given the changing market dynamic, China's land and housing systems are subject to change from time to time. Investors shall mindful about the latest policies, regulations, taxes and measures on holding of land, development project and real estate.	No restriction	A "reciprocal principal" should be met: foreign investors can obtain land rights in Taiwan only if Taiwanese people enjoy the same rights in their countries.	No restriction	No restriction
	<b>Holding related restriction</b>					
	<b>Foreign exchange control</b>	The exchange of FX has to be approved in advance and supervised by the State Administration of Foreign Exchange. Effectively ban the use of FX loans.	No restriction	Cumulative remittances (per year) exceeding US\$50 million (corporate) or US\$5 million (individual) are subject to permission by the government	No restriction	No restriction
	<b>Transaction (acquisition / transfer / disposal) fees &amp; taxes</b>	Please note that a number of property-related taxes have been exempted recently for individual. For the purpose of this investment guide, all listed Taxes and tax rates are generally applicable to corporate investors in Shanghai and Beijing only. <b>Business Tax</b> , a developer of real estate properties is subject to a 5% (with 11% surcharge) business tax levied upon the sales turnover of the properties. In case of companies or individuals sell purchased properties, 5% business tax is levied upon the capital gain of the transaction. <b>Stamp Duty</b> , varies one cities to another and is levied upon the buyer and seller ranging from 0.03% to 0.05% of the contract prices of the property in first tier one cities. <b>Land Appreciation Tax</b> , is levied upon the transferor of the land and its attached properties. The tax is levied on a progressive basis, ranging from 30% to 60% of the capital gain produced by the transaction. <b>Deed Tax</b> , is levied upon the buyer. The amount varies from one city to another, and is usually between 1.5% and 5% of the property's sale price.	<b>Stamp Duty</b> , is payable on Agreements and Assignments (sales and purchase) and Tenancy Agreement (lease). The maximum taxable rate is 3.75% which is to be shared equally by both parties.	<b>Land Value Incremental Tax</b> , is payable by the seller on 20% to 40% of the unearned increase in the value of land – the unearned increment is the difference between the officially assessed value at the time of sale and its assessed value at the time of purchase period. <b>Value Added Tax (VAT)</b> , is borne by the seller and levied at 5% of the transaction price of the building (land price is deducted from the total sales). <b>Income Tax</b> , is payable by the seller (Corporate: 20%; Personal: 5% to 40%) <b>Deed Tax</b> , is payable by the purchaser at 6% of the assessed building value. <b>Stamp Duty</b> , is levied at 0.1% of assessed values of land and building and usually payable by the buyer. <b>Registration Fee</b> , is levied at 0.1% of assessed building value and assessed land price which is different from assessed land value.	New tax law was promulgated this year with new amendments to be enforced progressively over the next few years. <b>Stamp Duty</b> , for the sales contract of a property is derived from the property value on a progressive basis from JPY200 to JPY600,000. (Discount rate applicable only until Dec 31 2009) <b>Real Estate Acquisition Tax</b> , is borne by the purchaser. Standard tax rate is 4% of assessed value of the property value at the time of purchase. However, derogation is in place from April 1, 2003 to March 31, 2012 for land and building for residential use, which the rate is reduced to 3%. <b>Registration Tax</b> , is levied on the registration of ownership and leasehold right. The tax rate registration of newly constructed building is at 0.4% of the asset value. Standard tax rate in connection to transfer of ownership (purchase/sales, etc.) is at 2%; however, following derogation for tax rates are in place for land ownership transfer. <b>Capital Gain Tax</b> , is taxable for individual and corporate income tax purposes. (Please refer to the <b>Other fees / taxes</b> section)	<b>Acquisition Tax</b> , is payable by the purchaser at 2% of the property transaction price <b>Special Rural Development Tax</b> , is levied at 10% of Acquisition Tax <b>Registration Tax</b> , is levied at 3% of the property transaction price <b>Local Educational Tax</b> 20% of Registration Tax Tax to be paid by individual for the disposition of property: <b>Transfer Income Tax</b> , is payable at between 9% and 36% of capital gains Inhabitant Tax, is levied at 10% of Transfer Income Tax Tax to be paid by corporation for the disposition of property: Corporation Tax of 10%–20% of capital gains Inhabitant Tax, is levied at 10% of Corporate Tax
	<b>Property related fees &amp; taxes</b>	Please note that a number of property-related taxes have been exempted recently for individual. For the purpose of this investment guide, all listed Taxes and tax rates are generally applicable to corporate investors in Shanghai and Beijing only. For leased properties with rental income; <b>Business Tax</b> , 5% of rental income. <b>Income Tax</b> , to be settled and paid by the owner annually together with the company's other profits, usually at 25% of profit before tax. <b>Stamp Duty</b> , 0.1% of contract rental. <b>Urban Real Estate Tax</b> , is applicable to the holders of land use rights. The tax rates vary from one city from another. For Beijing and Shanghai, the tax is levied annually at 1.2% based on 70% of the initial contract price of the property. <b>City Maintenance and Construction Tax</b> , is levied at 11% of Business Tax	<b>Property Tax</b> , is payable by the owner at the standard rate (2008/09 onwards 15%) by the year of assessment on "net assessable value" (NAV). Where the owner receives only rent and no other benefit, the annual rent is the "assessable value" (AV). Rent receivable (due but not yet received) should be included in the AV. Irrecoverable rent can be excluded from tax charge in the year in which it became irrecoverable. Any amount subsequently recovered is assessable to tax as income in the year of recovery, if the tenant pays rates. NAV is equal to the AV less a standard allowance of 20% for repairs and outgoings. If the owner is responsible for paying rates, rates paid can be deducted before allowing the 20% deduction. <b>Profits Tax</b> , is charged only on net profits arising businesses are taxed at different rates - incorporated businesses at 16.5% and unincorporated at 15%.	<b>Land Value Tax</b> is levied at a rate of between 1% to 5.5% of assessed land price; special rate of 0.2% for self-used residential land, 0.6% for land reserved for public infrastructures and 1% for industrial land. <b>Building Tax</b> is levied annually at a rate of between 3% to 5% of assessed building value for business premises and 1.2% to 2% for self-used housing.	<b>Fixed-asset Tax</b> , is levied annually on fixed assets including land, buildings, and other depreciable assets for business purpose. The fixed-asset tax rate is at 1.4% of the asset value, where the asset value is reviewed every 3 years for land and buildings. <b>City Planning Tax</b> , Tax in the Urban Promotion Area (UPA) is levied at maximum rate of 0.3% for land and buildings. <b>Business Facility Tax</b> , is payable by owner of a property and corporations that occupy the property. Tax amount will be the total of following two calculations. <b>Floor area:</b> JPY600 per sq m (Exemption: the first 1,000 sq m) <b>Employees' salary:</b> Total salary amount x tax rate of 0.25% (Exemption: the first 100 employees)	<b>Property Tax</b> is payable as follows: <b>Property Tax for Building</b> , the tax rate is ranging from 0.25% to 4% of the value of the building. (Is the rates correct?) <b>Property Tax for Land</b> , the tax rate is ranging from 0.2% to 0.4% of the land value. (Is the rates correct?) <b>General real estate tax</b> , the tax rate is ranging from 0.5% to 0.7% of the property value as assessed by the government.
	<b>Other fees / taxes</b>	<b>Transaction Fee</b> , is payable to the government. The rate varies from one city to another, and is payable and/or shared by developer and/or purchaser and seller, the rate can be based on contract price of the property or derive by a unit price on the CFA. Transaction Fee related to both new properties and second hand properties (residential and non-residential).	<b>Government Rent</b> , is 3% of the rateable value of the property, payable quarterly. The responsibility of the property owner. <b>Government Rates</b> , are levied at 5% on the rateable value of a property. Both the owner and the occupier are liable for Rates. In practice, this will depend on the terms of the agreement between the owner and occupier of the property. In the absence of any agreement to the contrary, liability of rates rests with the occupier.	N/A	<b>Corporate Tax</b> , corporate will be levied under corporate tax with tax rate of 30% for companies with capital over JPY100 million. Companies with capital JPY100 million or less will be levied with tax rate of 22% for income less than JPY8 million per annum and 30% for over JPY8 million per annum. (Discount rate applicable from April 1, 2009 - March 31, 2011)	<b>Value Added Tax (VAT)</b> is levied at 10% of the property transaction price
	<b>Investment loan</b>	3-year to 5-year term, 50%-70% LTV ratio	5-year to 7-year term, 50% to 70% LTV ratio	Various terms, 50% LTV ratio for land loan, 60% to 80% LTV ratio (with collateral)	1, 2 or 3 year terms, 50% to 60% LTV ratio	50% LTV ratio on commercial real estate
	<b>Cost of fund</b>	Usually based on the benchmark lending rate set by PBOC, at least 10% higher for non-residential property loans, at most 30% discount for the residential loans.	Traditionally based on prime lending rate plus / minus spread. More recently banks have offered funding based on HIBOR plus a mark-up.	Usually based on 1-year deposit rates plus spread	Usually based on TIBOR plus spread	Usually based on CD Rate plus spread
	<b>Mode of loan</b>	Bullet Loan is popular for the institutional investors	Balloon Payment is quite popular	Repayment, with recourse (most common)	Repayment in full on the maturity date, non-recourse Repayment, non-recourse	Repayment

Note: The investment guide only provides a brief comparison, summary of major property related issues and taxes associated with the acquisitions, disposition, transfer and possession of real estate assets in Asia

SOUTH EAST ASIA					
SINGAPORE	THAILAND	PHILIPPINES	MALAYSIA	INDONESIA	INDIA
Freehold includes Grant in Fee Simple and Statutory Land Grant. The most common leasehold term is 99 years. 60 years or 30 years are also issued for various industrial, commercial and recreational uses.	Mainly freehold with individual and corporate landholding. Leasehold land lease term generally ranging from 30 years plus options to renew.	Freehold for local (foreigners are not allowed to own land) Freehold / Leasehold for JV Company [60% Filipino owned (min), 40% Foreign owned (max)] Leasehold (local and foreigners)	State Freehold and Leasehold. The government/state can grant individuals with land titles for a specific lease term.	Freehold and Leasehold. Freehold land consists of two types: Certified Land and Adat land (Right to own) by Indonesian citizen only. Leasehold consists of three types of land: Hak Guna Usaha (Right to exploit), Hak Pakai (Right to use), Hak Guna Bangunan (Right to build).	Freehold and Leasehold. For leasehold land, land use or occupation is granted by the government for a specific lease term. The lease term generally ranging from 90 to 99 years.
Property developments in Singapore are required to comply with regulations and laws on zoning, plot ratio, site coverage and building height.	Property developments in Thailand are required to comply with regulations and laws on zoning, plot ratio, site coverage, environmental impact assessments and building height.  The Town Planning Act and Building Control Act are statutory building construction controls. The zoning regulations empower local government to identify land uses in specific areas in each province. The restrictions are subdivided into several uses with different colors. In Bangkok, the zoning will also restrict the floor area ratio and the open space ratio of the new development.	Property developments in Philippines are required to comply with regulations and laws on zoning, plot ratio, site coverage and building height.	Property developments in Malaysia are required to comply with regulations and laws on zoning, plot ratio, site coverage, environmental impact assessments and building height.	All the property developments in Indonesia are required to comply with the local government's regulations including building density, plot ratios, coverage of buildings and heights.  <b>Leasehold lands: Right to Exploit</b> , is the right granted by the government to Indonesian citizens, entities or certified Penanaman Modal Asing (Foreign Capital Investor) for agricultural, fishery or husbandry purposes. <b>Right to Use</b> , is the right to held by citizens, permanent residents of foreign nationality in Indonesia, foreign corporations with offices in Indonesia, including banks and embassies. <b>Right to Build</b> , is the rights to build buildings on the land and hold the land building rights by citizens, legal entities incorporated in Indonesia including foreign-owned enterprises, JV).	Land use (State Owned Land & Private Land) is subject to zoning uses designated by development plan including height, ground coverage, plot ratios, etc.
Development sites sold under GLS programme	No foreign ownership of land except via Board of Investment promoted companies. Freehold foreign ownership of condominiums permitted but capped so that the maximum proportion of foreign ownership within a condominium building is restricted to 49% of the saleable floor area of all the units.  Foreigners are generally restricted from owning freehold title to landed properties.  There are exceptions, principally for companies with Board of Investment Approval. In general, a foreigner may lease land in Thailand not exceeding 30 years but may also have options to renew.	Foreigners not allowed to own land	In an effort to boost investment in the country, the Government of Malaysia has recently repealed the Foreign Investment Committee (FIC) guidelines effective 30 June 2009. This resulted in the abolition of most restrictions on the purchase of properties by foreign investors.  Some very minor restrictions remaining are detailed below:  1) Approval from the Economic Planning Unit (EPU) is required where a direct or indirect property transaction involves the dilution of Bumiputra or Government interest for properties valued at RM20 million and above;  2) Foreign investors are allowed to purchase properties other than residential priced above RM500,000 per unit and residential properties priced above RM250,000 per unit. The latter is maintained until end-2009 and will be increased to RM500,000 effective 1 January 2010.  3) Foreign investors are restricted from purchasing properties built on Malay reserved land or properties allocated to Bumiputra interest.	Foreigners are not allowed to own Certified freehold land. However, foreign joint-venture entity and wholly foreign-owner enterprises can hold rights to build. The lease term can be at most 30 years and governments sells the rights to build through transactions, tenders and auctions.	Privately held properties - Nil Government allotted land - Construction should be initiated within 24 months from the allotment date in most cases.
No restriction	Subject to permission by Bank of Thailand	Needs clearance from Bangko Sentral ng Pilipinas (BSP)	No restriction	No restriction	Minimum investment in land through FDI capped at 10 hectares  Minimum investment in built up area through FDI capped at 50,000 sm  Other restrictions on FDI as per Press Note.
<b>Stamp Duty</b> , is levied at 3.0% of the property transaction price.	<b>Transfer Fee</b> , is levied at 2% of the property value assessed by the government.  <b>Stamp Duty</b> , is levied at 0.5% of the government's assessed value, will be charged upon any person who sells land or property held for 5 years or longer. However, if the Specific Business Tax is imposed, stamp duty will not be payable.  <b>Specific Business Tax (SBT)</b> , is imposed only on sales of land and property held for less than 5 years in transactions of properties listed below:  1. Property for which the land allocation is permitted 2. Condominiums 3. Property developed for sale 4. Property which is used for corporate purposes 5. Property which is re-sold within five years of its purchase  The SBT rate for real estate is 3.3% of the government's assessed value or transaction price, whichever is greater.  <b>Withholding Tax for corporate</b> , in case the sale corporate entities or companies, the Withholding Tax for real estate is 1% of the government's assessed value or transaction price, whichever is greater.	<b>Capital Gains Tax</b> , is levied at 6% of the property transaction and payable by the seller.  <b>Withholding Tax</b> , is levied at 6% of the property transaction price and is payable by seller/lessor for corporate entity.  <b>Documentary Stamp Tax</b> , is levied at 1.5% of the contract price, zonal value and the market value, whichever is higher.  <b>Value Added Tax (VAT)</b> , is levied at 12% of the contract price and payable by seller/lessor.  <b>Transfer Tax</b> , is payable by the purchaser and is levied at 0.5% of the contract price, zonal value and the market value, whichever is higher.  <b>Registration Fee</b> , is generally payable by purchaser and is based on the contract price or assessed value of the property whichever is the higher and the rates vary per city / municipality.	<b>Stamp Duty</b> , shall be borne by the buyer. The tax is levied at 1% for the first RM100,000; 2% for RM100,001 to RM500,000; 3% for RM500,001 & above.  <b>Legal Fees</b> , are charged at 1% on the first RM100,000 of the market value, plus 0.5% on the next RM4.9 million of the market value.  <b>Real Property Gains Tax (RPGT)</b> , has been exempted since 1st April 2007.	<b>Stamp Duty</b> , is levied on various legal documents to which a monetary value is affixed. The rates are fixed as follows:  Fixed amount of Rp. 3,000 for transaction price between Rp. 250,001 to Rp. 1,000,000; fixed amount of Rp. 6,000 for transaction price over Rp. 1 million.  <b>Notary fees</b> , for the processing of legal documents are usually charged at about 0.5% to 1.5% of the transacted price.  Individuals or companies obtaining rights to land or buildings are required to pay a <b>Land and Building Transfer Duty</b> ("Bea Perhalihan Hak Atas Tanah dan Bangunan" / BPHBT) of 5%. The 5% duty is computed based on the transaction value or the assessed value, whichever is higher. Transaction below Rp. 60 million are not subject to BPHBT. For acquisitions by inheritance, the non taxable property value is stipulated by the regional authorities but may not exceed Rp 300 million.  <b>Capital Gains Tax</b> , the net gains from asset revaluations are subject to a 10% final tax. An additional income tax of 15% is imposed if the revalued assets are sold or transferred within 5 years.	<b>Stamp Duty</b> , shall be levied on the property transaction price and generally borne by the purchaser or lessee of the properties. The tax rates generally range from 2% to 10% in major cities of India, such as Mumbai, New Delhi and Bangalore.  <b>Registration Fees</b> , is levied at 1% of the transaction value and payable by the purchaser.  <b>Capital Gain Tax</b> , is taxable on the profit realized from property transfer. For property held less than 3 years, the tax rate is 30%. For property with a holding period of 3 years or more, the tax rate is generally 20% (however this varies with the type of assessee).
<b>Property Tax</b> , is payable to government on residential, commercial, industrial properties as well as land.  The tax rate is calculated as follows: Property Tax for land, the tax rate is 5% of the land value. Property Tax for owner-occupied properties, the tax rate is ranging from 4% to 10% of annual rental value.	There are two kinds of Property Tax in Thailand, namely, Household Tax and Local Development Tax.  <b>Household Tax</b> , is imposed on the owners of a house, building, structure or land, which is rented or otherwise put to commercial use. The tax rate is 12.5% of the actual or assessed annual rental value of the property.  <b>Local Development Tax</b> , is imposed upon any person who either owns land or is in possession of land. The tax rates vary according to the appraised value of the property being determined by the Land Department. There is an allowance granted for land utilized for personal dwellings, the raising of livestock and the cultivation of crops by the owner. The extent of the allowance differs according to the location of the land.	<b>Real Property Tax</b> , is payable by owner which is based the property value assessed by the local government Unit.	<b>Quit Rent and Assessment Fee</b> , are property related taxes. The amount varies and depends on the category of the land and size.  <b>Quit Rent</b> , is a form of land tax. Its amount varies from state to state.  Assessment fee, collected twice a year, is computed based on the value of the property.	<b>Property Tax (PBB)</b> , on land and buildings is generally fixed at 0.1% of the assessed value. A rate of 0.2% of the assessed value is applicable to land and buildings worth more than Rp. 1 billion. The non-taxable threshold of property is stipulated by each regional government but may not exceed Rp. 12 million.  <b>Withholding Tax</b> , on Property Income  Income derived from rental payments and service charges are subject to a final withholding tax of 10% of the transaction value, which is considered an advance payment of income tax.  <b>Corporate Taxation</b> , the income of resident and non-resident corporate entities is taxed annually at 28%.	<b>Property Tax</b> , is payable by the owner. The tax is levied at a certain percentage of the rateable value of properties. Local governments determine the rateable values.
N/A	N/A	N/A	<b>Income Tax</b> , rental income from property is taxable under Income Tax. Generally, rental income received by a non-resident individual is taxed at a flat rate of 27% without any personal deductions. Corporations are taxed at 25% of the chargeable income from the property.	<b>Value Added Tax (VAT)</b> , the sale of raw land is not subject to VAT, but the sale of land already prepared for development is subject to a VAT of 8%. VAT on rental payments is 10%, while VAT on Service Charge is 4%.  <b>Sales Tax</b> , a 20% Sales Tax on Luxury Goods is applicable to luxury houses. "Luxury Houses" include condominium with a unit size of more than 150 sqm and landed houses with a building size of above 400 sqm or electricity of above 6,600 watt.	N/A
3-yr to 5-yr term, 50% to 60% LTV ratio	50% to 70% LTV ratio on commercial real estate with various terms	60% to 70% LTV ratio	5-year to 10-year term, 60-70% LTV	5-year to 7-year term, 50%-70% LTV	Up to 8-year to 10-year term and 50% to 70% LTV ratio
Usually based on SIBOR plus a mark-up	Minimum Lending Rate + spread	Philippine Dealing System Treasury Fixing Rate (5, 7, 10 year rate depending on loan term) + 3% to 5% risk premium	Usually based on KLIBOE plus a markup	Usually according on Bank Interest (Approx 14%)	Usually based on Floating Reference Rate or Prime Lending Rate plus a mark-up
Balloon Payment (common)	Repayment with recourse most common	Repayment with recourse most common	Conventional mortgage Mixture of mortgage/bond issue / debentures Mezzanine financing	Repayment	Repayment with recourse (most common)

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