ASIA MARKETVIEW
Q3 2010

CBRE RESEARCH | ASIA

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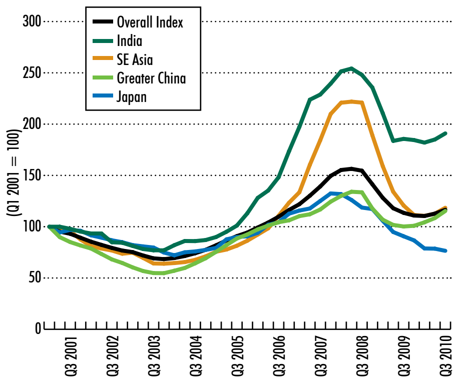
CONTENTS

MARKET OVERVIEW

"BUSINESS START-UPS AND EXPANSIONARY PLANS SUSTAINED AN ACTIVE THIRD QUARTER"

Demand for commercial property in Asia continued to be active in the third quarter of 2010 as the improved regional economic environment encouraged multinationals to roll out new business start-ups and implement expansionary plans. Although there are concerns that the possibility of a slower global recovery may influence the pace of leasing market expansion in the region, the favourable market fundamentals in Asia still provided support to sustain positive growth. Leasing activity in the prime retail market also remained upbeat on the back of strengthening consumer sentiment and the continued growth in retail sales. Mass market retail chains, and especially F&B and fast fashion outlets dominated leasing activity during the period. The upward momentum in the industrial market appeared to be tapering off due in part to the slowdown in export and industrial activity. The luxury residential property sector witnessed a steady third quarter although growth in some major markets began to lose steam. This was mainly attributable to various tightening measures rolled out in some heated markets such as China, Hong Kong and Singapore.

CB RICHARD ELLIS ASIA OFFICE RENTAL INDEX



OFFICE MARKET

Office leasing markets in Asia's leading commercial centres enjoyed an active third quarter of 2010 as domestic and multinational corporations displayed a keen appetite for quality office space for both new business start-ups and expansion on the back of sustained regional economic growth. Led by strong growth in Greater China and Singapore, overall office rents in Asia rose 3.2% q-o-q in the third quarter of 2010, marking the second consecutive quarter of growth and confirming the recovery of overall office demand in the region. Demand for quality space arising from relocation or expansionary activity grew noticeably during the period, a trend which caused vacancy levels in new office buildings to decline in a number of markets across the region. Overall vacancy edged down further by 60 basis points q-o-q to 10.3%.

The Hong Kong office market remained buoyant and the city recorded the largest magnitude of rental growth in the region in the third quarter. Rental growth in Singapore also accelerated during the review period and posted the biggest jump since 2008 on the back of strong net absorption. Elsewhere, net absorption in Beijing returned to peak levels last witnessed in 2007, underlining the rapid pace of recovery in the city's office market. It was not all good news for landlords, however, with rental growth in some major Asian cities, including Guangzhou, Shanghai and a number of major cities in India, expected to be impacted by the large quantum of new supply coming on stream over the short to medium term, despite solid demand for office space in these locations. The downward pressure on rents in markets such as Seoul and Kuala Lumpur is likely to be greater given the greater emphasis on cost saving commonly adopted by tenants in those locations.

Concerns over the possibility of a slower global recovery will inevitably affect the pace of overall office rental growth in the region. However, the market fundamentals in Asia give every evidence of being solid and the regional economic rebound since the global financial crisis provides proof that office demand is more concrete here as compared to other regions. Forthcoming quarters should see domestic and multinational companies continue to expand, but in a cautious way, leading to the slower growth in overall rents.

RETAIL MARKET

Retail property markets across the region witnessed another active period with international luxury brands, F&B outlets and fast fashion retailers accounting for the bulk of leasing transactions completed during the period. Demand for retail space continued to strengthen

"THE PERIOD SAW THE STEADY GROWTH OF RETAIL SALES AND RISING INTEREST AND ENQUIRY LEVELS"

on the back of the steady growth of retail sales and rising interest and enquiry levels for expansion or start-ups, a trend which resulted in the steady growth of prime retail rents in most Asian cities during the quarter.

Strong rental growth in Greater China led the expansion of overall retail rents in Asia during the review period, retail rents in Hong Kong leading the way with an increase of 2.6% q-o-q. Elsewhere, retail rents in Tokyo firmed up thanks to steady leasing activity from affordable brands, while the pace of rental decline in Singapore slowed as rents on Orchard Road stabilised after seven consecutive quarters of contraction. Retail rents in Southeast Asian and Indian cities were fairly stable as international brands continued to display a strong appetite to enter or expand within these markets. Steady economic growth should ensure demand for retail space remains healthy although the upward movement of rents in cities such as Beijing and Shanghai may be limited by the large quantum of new supply scheduled to come on stream in forthcoming quarters.

INDUSTRIAL MARKET

Industrial rents continued to trend upwards in the third quarter but rental growth in certain markets began to taper off as export and industrial expansion slowed, partially because of the ongoing appreciation of Asian currencies. Demand for industrial space generally remained firm in the third quarter with the logistics sector particularly active as companies actively looked for new facilities for expansion, further pushing the vacancy rate downward.

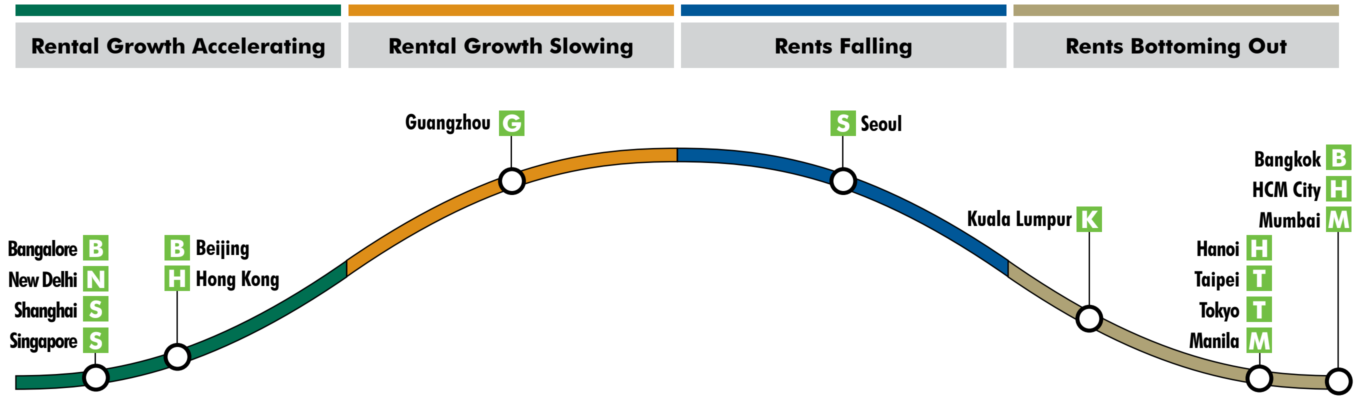
First tier cities in China witnessed increasing demand for logistics facilities during the period with manufacturing and logistics companies comprising the bulk of demand. Second tier cities such as Chengdu continued to attract multinational companies looking to set up operation centres, while in Hong Kong the potential rezoning of industrial and business land for residential use drove an increase in the capital value of both factories and warehouses by 4.9% and 6.3% q-o-q respectively. In Southeast Asia, Singapore witnessed healthy demand for warehouses from companies looking to use the city as a platform for expansion into Asia, while the expansion of the auto industry contributed to positive investment and leasing market sentiment in Bangkok. Industrial rents are expected to rise over the remainder of 2010 but concerns over slower industrial production growth due to the further appreciation of Asian currencies will probably slacken the pace of rental growth.

LUXURY RESIDENTIAL MARKET

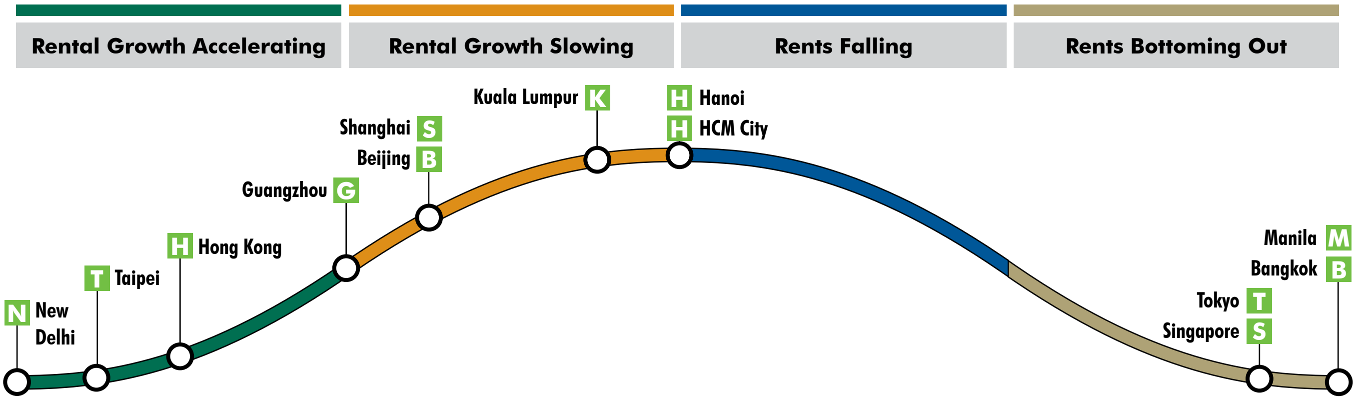
The luxury residential property sector in Asia saw a steady third quarter although some of the major markets began to lose momentum and the disparity between the top and bottom end of price and rental movement become less noticeable than in the previous quarter. This was mainly due to the various cooling measures recently implemented in some heated property markets such as China, Hong Kong and Singapore beginning to take effect.

The direction and magnitude of changes in luxury apartment prices was quite diverse during the period. Prices in Guangzhou and Kuala Lumpur edged down by 0.2% and 0.1% q-o-q respectively but Beijing and Manila recorded more marked gains of 5.4% and 5.9%. The rise in prices elsewhere in the region ranged from 0.5% in Bangkok to 3.7% in Singapore, while prices were largely unchanged in Ho Chi Minh City. Rentals for luxury apartments also displayed a divergent performance across the region in the third quarter with changes varying from -1.8% in Ho Chi Minh City to 12.5% in Manila. The steady recovery in the luxury property market is likely to persist in the short term as interest rates across the region are expected to remain generally low.

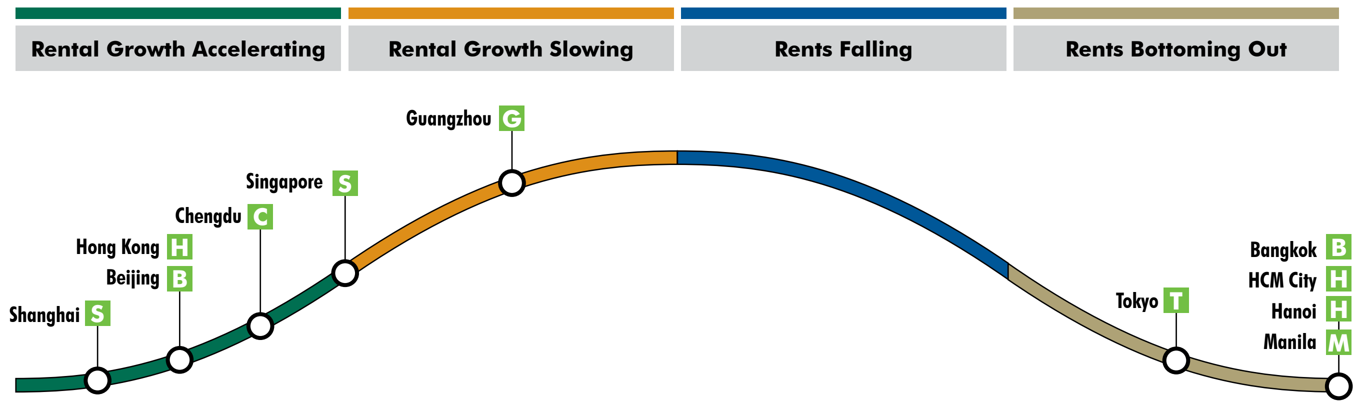
OFFICE RENTAL CYCLE



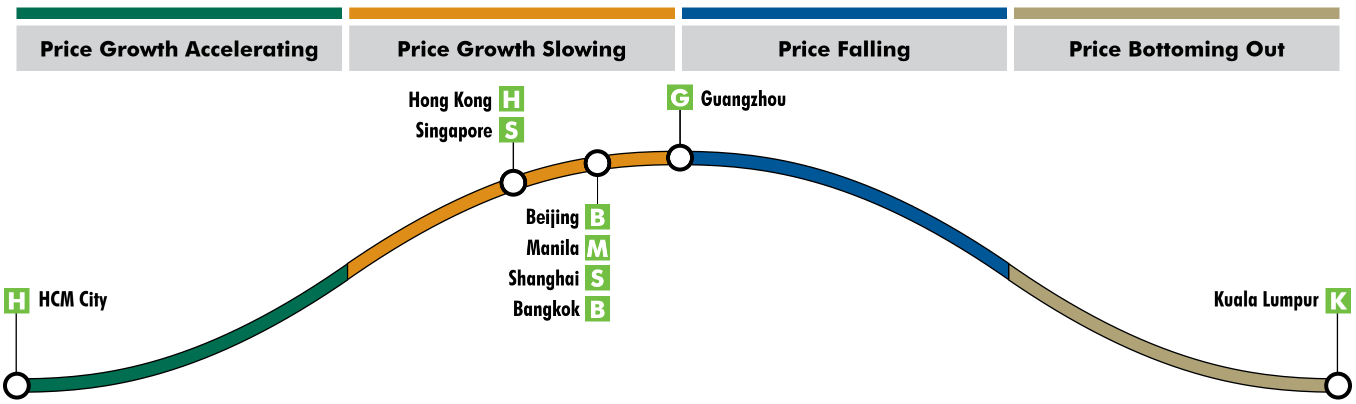
RETAIL RENTAL CYCLE



INDUSTRIAL RENTAL CYCLE



LUXURY APARTMENT PRICE CYCLE



Note: Markets do not necessarily move along the curve in the same direction or at the same speed.
Industrial rent: Warehouse & factory for Singapore; Warehouse for Hong Kong, Tokyo, Beijing, Shanghai and Guangzhou; Factory for Bangkok, Hanoi and HCMC; Warehouse, factory and high-tech facilities for others.
Retail rent: Street shops for Hong Kong, Taipei, Tokyo; Shopping centres or retail podium for Beijing, Shanghai, Guangzhou, Singapore, Manila, Bangkok and Kuala Lumpur.

GRADE A/PRIME OFFICE RENTS AND OCCUPANCY COSTS

REGION/ COUNTRY	CITY	DISTRICT	MARKET RENT				TOTAL OCCUPANCY COST* US$ psf/month
			Local currency/ measure	US$ psf/month	q-o-q change	y-o-y change	
GREATER CHINA							
GREATER CHINA	Beijing	Jianguomen	RMB 228.2 psm (1)	3.17	6.9%	12.2%	4.94
		Zhongguancun	RMB 186.4 psm (1)	2.59	3.4%	7.0%	4.14
		Financial Street	RMB 268.2 psm (1)	3.72	8.6%	25.9%	5.71
	Shanghai	Pudong	RMB 224.9 psm (1)	3.12	0.1%	2.6%	5.15
		Puxi	RMB 205.6 psm (1)	2.85	1.6%	2.5%	4.63
	Guangzhou		RMB 100.2 psm (1)	1.39	3.1%	8.0%	2.47
	Hong Kong	Central	HK$ 105.0 psf (5)	13.53	10.9%	37.2%	15.35
		Citywide	HK$ 50.5 psf (5)	6.50	10.8%	28.6%	7.72
	Taipei		NT$ 2,506 pping (3)	2.26	0.2%	0.3%	3.95
NORTH ASIA							
JAPAN	Tokyo	CBD	JPY 31,250 ptsubo (4)	10.52	-2.3%	-16.7%	13.17
SOUTH KOREA	Seoul ^	CBD	KRW 29,763 psm (1)	2.43	-0.1%	1.5%	5.91
		Gangnam	KRW 24,791 psm (1)	2.02	-0.1%	0.1%	5.52
		Yeouido	KRW 19,128 psm (1)	1.56	0.1%	2.3%	5.09
SOUTH & SOUTH EAST ASIA							
INDIA	New Delhi	Connaught Place	INR 250 psf (1)	5.60	4.2%	8.7%	8.43
		Gurgaon	INR 65 psf (1)	1.46	0.0%	0.0%	2.49
		Noida	INR 35 psf (1)	0.78	-7.9%	-12.5%	1.55
	Mumbai	Nariman Point	INR 300 psf (1)	6.72	3.4%	0.0%	10.87
		Bandra Kurla Complex	INR 275 psf (1)	6.16	0.0%	10.0%	10.80
	Bangalore		INR 74 psf (1)	1.66	2.8%	1.4%	2.92
MALAYSIA	Kuala Lumpur		RM 7.1 psf (2)	2.28	0.7%	0.7%	2.28
PHILIPPINES	Manila		PHP 779 psm (4)	1.65	-1.6%	-4.4%	2.05
SINGAPORE	Singapore		S$ 7.4 psf (7)	5.63	7.2%	-1.3%	5.63
THAILAND	Bangkok		THB 680 psm (6)	2.08	0.0%	-2.0%	2.08
VIETNAM	Ho Chi Minh City		US$ 36.7 psm (8)	3.41	-2.2%	-11.1%	3.75
	Hanoi		US$ 40.4 psm (8)	3.76	1.9%	-9.6%	4.13

(1) Gross rent excluding service charges / management fees
(2) Gross rent including service charges / management fees
(3) Gross rent excluding service charges / management fees and property taxes
(4) Net rent excluding service charges / management fees and property taxes
(5) Net effective rent excluding service charges / management fees and property taxes
(6) Net rent including service charges / management fees and property taxes
(7) Net effective rent including service charges / management fees and property taxes
(8) Net rent including service charges / management fees but excluding VAT
* On net floor basis, including all occupation expenses.
^ The measurement unit in South Korea was changed from pyung to square meters in the second quarter of 2007.

PRIME RETAIL RENTS

REGION/ COUNTRY	CITY	SHOPPING DISTRICT	PRIME RETAIL RENTS*	
			Local measure	US$ equivalent (psf/month)
GREATER CHINA				
GREATER CHINA	Beijing	Xidan	RMB 31.7 - 43.3 psm/day	13.4 - 18.3
		Wangfujing	RMB 43.3 - 66.7 psm/day	18.3 - 28.2
		CBD	RMB 21.7 - 40.0 psm/day	9.2 - 16.9
		Chaoyangmenwai	RMB 21.7 - 40.0 psm/day	9.2 - 16.9
	Shanghai	Huaihai Middle Road	RMB 40.0 - 60.0 psm/day	16.9 - 25.3
		Nanjing East Road	RMB 42.0 - 60.0 psm/day	17.7 - 25.3
		Nanjing West Road	RMB 54.0 - 70.0 psm/day	22.8 - 29.6
		Xujiahui	RMB 55.0 - 68.0 psm/day	23.2 - 28.7
	Guangzhou	Shangxiajiu Road	RMB 26.7 - 40.0 psm/day	11.3 - 16.9
		Tianhe CBD	RMB 20.8 - 111.1 psm/day	8.8 - 46.9
		Beijing Road + Lingyuanxi	RMB 69.0 - 90.3 psm/day	29.1 - 38.1
		Huanshidong	RMB 55.6 - 64.1 psm/day	23.5 - 27.1
	Hong Kong	Central	HK$ 520.0 psf/month	67.0
		Causeway Bay	HK$ 500.0 psf/month	64.4
		Tsim Sha Tsui	HK$ 455.7 psf/month	58.7
		Mong Kok	HK$ 290.0 psf/month	37.4
	Taipei	Zhongxiao East Road	NT$ 5,773 psm/month	17.2
		Zhongshan North Road	NT$ 3,933 psm/month	11.7
		Ximentin	NT$ 2,494 psm/month	7.4
		Dunhua South Road	NT$ 2,481 psm/month	7.4
NORTH ASIA				
JAPAN	Tokyo	Ginza	JPY 115,000 - 165,000 ptsubo/month	38.7 - 55.6
		Omotesando	JPY 90,000 - 130,000 ptsubo/month	30.3 - 43.8
		Shibuya	JPY 80,000 - 125,000 ptsubo/month	26.9 - 42.1
		Shinjuku	JPY 90,000 - 150,000 ptsubo/month	30.3 - 50.5
		Harajuku	JPY 70,000 - 125,000 ptsubo/month	23.6 - 42.1
SOUTH & SOUTH EAST ASIA				
SINGAPORE	Singapore	Orchard Road	S$ 31.1 psf/month	23.7
		City Hall/Marina Centre	S$ 24.5 psf/month	18.6
		Suburban	S$ 29.0 psf/month	22.1
THAILAND	Bangkok	Pratumwan	THB 1,800 - 3,200 psm/month	5.5 - 9.8
		Silom	THB 1,800 - 3,200 psm/month	5.5 - 9.8
		Sukhumvit	THB 1,800 - 3,200 psm/month	5.5 - 9.8
PHILIPPINES	Manila	Makati CBD	PHP 1,045 psm/month	2.2
INDIA	New Delhi	Connaught Place	INR 500 - 700 psf/month	11.2 - 15.7
		Greater Kailash - I	INR 500 - 700 psf/month	11.2 - 15.7
		Khan Market	INR 1,000 - 1,200 psf/month	22.4 - 26.9
		South Extension	INR 550 - 750 psf/month	12.3- 16.8
		Saket District Centre	INR 400 - 500 psf/month	9.0 - 11.2
		Vasant Kunj	INR 300 - 400 psf/month	6.7 - 9.0
MALAYSIA	Kuala Lumpur	Kuala Lumpur City Centre	RM 27- 107 psf/month	8.8 - 34.7
		Suburban	RM 15 - 80 psf/month	4.9 - 25.9
VIETNAM	Ho Chi Minh City	CBD	US$ 97 - 124 psm/month	9.0 - 11.5
	Hanoi	Hoan Kiem	US$ 60 - 90 psm/month	5.6 - 8.4
		Hai Ba Trung	US$ 85 - 145 psm/month	7.9 - 13.5

* Quoted rents are based on ground floor shops with area about 1,000 sf.

INDICATIVE INDUSTRIAL LAND VALUES

REGION/ COUNTRY	CITY	INDUSTRIAL PARK	INDICATIVE LAND VALUES (psf)	
			Local currency	US$ equivalent
GREATER CHINA				
GREATER CHINA	Beijing	Zhongguancun Life Science Park	RMB 147.7	22.1
		BDA	RMB 32.5	4.9
		Beijing Tianzhu Airport Industrial Zone	RMB 106.8	16.0
	Shanghai	Waigaoqiao Free Trade Zone	RMB 278.7	41.7
		Kangqiao Industry Zone	RMB 111.5	16.7
		Qingpu Industrial Zone	RMB 41.8	6.3
	Guangzhou	Yonghe Economic Zone	RMB 55.7	8.3
		Science City	RMB 55.7	8.3
		Nansha Development Zone	RMB 39.8	6.0
		Airport Economic Zone	RMB 32.5	4.9
	Chengdu	Chengdu Hi-Tech Development Zone (South)	RMB 97.5	14.6
		Chengdu Hi-Tech Development Zone (West)	RMB 16.0	2.4
		Chengdu Economic & Technological Development Zone	RMB 17.7	2.7
SOUTH EAST ASIA				
SINGAPORE	Singapore	Prime (60-year leasehold land)	S$ 85.0	64.7
THAILAND	Bangkok	Amata Nakorn Industrial Estate, Chonburi	THB 232.2 - 255.4	7.7 - 8.4
		Wellgrow Industrial Estate, Chachoengsao	THB 348.3 - 435.4	11.5 - 14.4
		Rojana Industrial Park, Ayutthaya	THB 174.2 - 203.2	5.7 - 6.7
		Nava Nakorn Industrial Zone, Pathumthaini	THB 290.3 - 319.3	9.6 - 10.5
		Eastern Seaboard Industrial Estate, Rayong	THB 151.0	5.0
VIETNAM	Ho Chi Minh City	VSIP II - Vietnam Singapore Industrial Park II*	-	4.2
		My Phuoc 3 Industrial Park*	-	4.2
		Amata Industrial Park*	-	7.0
	Hanoi	Viet Hoa-Kenmark IP*	-	4.8
		VSIP Bac Ninh IP*	-	6.0
		Dinh Vu IP*	-	5.6
		Thang Long II IP*	-	5.6

* Land sites with different number of years of lease remaining (around 35 - 50 years)

INDICATIVE INDUSTRIAL RENTS

REGION/ COUNTRY	CITY	TYPE OF SPACE	INDICATIVE INDUSTRIAL RENTS (psf/month)	
			Local currency	US$ equivalent
GREATER CHINA				
GREATER CHINA	Beijing	R&D	RMB 9.0	1.35
		Factory	RMB 3.6	0.53
		Logistics	RMB 2.6	0.39
	Shanghai	Biz Park	RMB 8.8	1.32
		Factory	RMB 2.3	0.34
		Logistics	RMB 2.5	0.38
	Guangzhou	R&D	RMB 3.6	0.54
		Factory	RMB 1.8	0.27
		Logistics	RMB 2.4	0.36
	Chengdu	R&D	RMB 3.5	0.53
		Factory	RMB 1.3	0.19
		Logistics	RMB 1.8	0.27
	Hong Kong	Factory	HK$ 6.9	0.89
		Warehouse	HK$ 6.2	0.79
SOUTH EAST ASIA				
SINGAPORE	Singapore	Factory	S$ 1.3 - 1.7	0.99 - 1.26
		Warehouse	S$ 1.2 - 1.6	0.91 - 1.18
THAILAND	Bangkok	Factory	THB 20.4	0.67
PHILIPPINES	Manila	Lima Technology Centre (Factory Space)	PHP 11.2	0.26
		Carmelray Industrial Park I (Factory Space)	PHP 26.9	0.61

LUXURY APARTMENT CAPITAL VALUES AND PRIME RENTS

REGION/ COUNTRY	CITY	AVERAGE PRIME CAPITAL VALUES			AVERAGE PRIME RENTS		
		Local currency/ measure	US$ psf	q-o-q change	Local currency/ measure	US$ psf/ month	q-o-q change
GREATER CHINA							
GREATER CHINA (1)	Beijing	RMB 50,574 psm	702.2	5.4%	RMB 95.48 psm	1.33	5.1%
	Shanghai	RMB 46,452 psm	645.0	0.9%	RMB 148.33 psm	2.06	2.9%
	Guangzhou	RMB 26,354 psm	365.9	-0.2%	RMB 55.31 psm	0.77	1.2%
	Hong Kong	HK$ 18,540 psf	2,389.3	2.8%	HK$ 43.21 psf	5.57	2.5%
SOUTH EAST ASIA							
SINGAPORE	Singapore (2)	S$ 2,800 psf	2,130.4	3.7%	S$ 5.20 psf	3.96	4.0%
MALAYSIA	Kuala Lumpur (1)	RM 703 psf	227.8	-0.1%	RM 3.54 psf	1.15	-1.7%
THAILAND	Bangkok(2)	THB 112,095 psm	343.5	0.5%	THB 398.00 psm	1.22	1.8%
PHILIPPINES	Manila (2)	PHP 120,000 psm	254.0	5.9%	PHP 750.00 psm	1.59	12.5%
VIETNAM	Ho Chi Minh City (CBD) (2)	US$ 4,401 psm	408.9	0.0%	US$ 20.60 psm	1.91	-1.8%

(1) Based on gross floor area

(2) Based on net floor area

EXCHANGE RATE TO US$ (AS OF SEPTEMBER 2010)

PRC	6.691	Japan	83.45	Indonesia	8,920
Hong Kong	7.759	South Korea	1,140	Philippines	43.89
Taiwan	31.19	Malaysia	3.086	Thailand	30.32
Singapore	1.314	India	44.66	Vietnam	19,450

ECONOMIC UPDATE

ECONOMIC GROWTH IN ASIA SETTLES TO A MORE MODERATE PACE

"RAPID EXPANSION OF THE REGIONAL ECONOMY SLOWS BUT OUTLOOK REMAINS STABLE"

Asian growth rates settled to a more stable pace in the third quarter of 2010 as the rapid recovery witnessed earlier in the year began to run out of steam. Worries over the sovereign debt crisis and instability in the banking sector affecting a number of advanced economies continued to pose a significant challenge to Asia. The effects of economic stimulus packages implemented by various governments across the region in the wake of the global economic downturn progressively faded during the review period to be replaced by mood of uncertainty over the ability of regional economies to sustain growth in forthcoming quarters.

The period saw export growth begin to moderate in most of the region's major economies. Chinese exports grew by 25.1% y-o-y in September, a significant drop on the figure of 43.9% y-o-y recorded in June. September also saw Japanese exports grow at their slowest pace this year, rising by just 14.4% y-o-y. In October the International Monetary Fund's (IMF) World Economic Outlook noted that while expansion in Asia exceeded expectations in the first half of the year, a trend which prompted the Fund to upwardly revise its 2010 growth forecast by 100 bps to 7.9%, the rapid pace of economic growth was nevertheless expected to slow gradually to 6.7% in 2011.

Although inflation remained generally moderate across other Asian markets, price pressures emerged as a concern for some major Asian economies such as China, Singapore and Hong Kong during the third quarter, with the notable exception of Japan. While the increases in price levels ranged from 1% in Vietnam to the much brisker rate of 8.6% in India, the CPI in China accelerated from 1.5% y-o-y in January to a 23-month high of 3.6% in September, a trend which resulted in the introduction of further policy tightening measures. In response, on 20 October the People's Bank of China unexpectedly raised its benchmark rates by 25 bps taking one-year deposit rates to 2.5% and one-year lending rates to 5.56%, a move that was seen as a precautionary measure designed to rein in accelerating inflation. The third quarter also saw increases in the CPI in Singapore and Hong Kong, from 0.2% to 3.7% and from 1.0% to 2.6% respectively.

The third quarter also witnessed a sharp increase in volatility in exchange rates across Asia, a trend which could pose a further risk to the region's economic stability. While China kept a tight grip on the RMB, Japan and a number of emerging Asian economies saw their currencies soar rapidly against the US dollar during the review period, resulting in their exports becoming less competitive and stimulating a massive inflow of foreign capital. Capital inflows pushed Asian currencies higher and led to the rapid appreciation of asset prices, fuelling fears of unnecessary volatility across the region in particular when hot money exits as fast as it arrived.

As economic growth begins to return to a more sustainable pace, it is anticipated that monetary policies across the region will become less accommodative. Considering the abundant liquidity in the region and interest rate differentials which currently exist between Asian and advanced economies, further tightening measures are likely to be introduced in forthcoming quarters as governments address the considerable challenges facing Asia's macroeconomic, financial and banking stability.

FEATURES

CHINA'S HIGH-SPEED RAIL NETWORK AND THE PROMOTION OF REGIONAL URBAN DEVELOPMENT

OVERVIEW

If the Beijing-Hangzhou Grand Canal and interconnected web of trade routes known as the Silk Road were amongst the giant pieces of transportation infrastructure which underpinned the economic workings of ancient China, the national high-speed rail network presently under construction will similarly undergird the rise of China to a position of global economic pre-eminence in the 21st century. By the year 2020 it is forecast that the length of China's national railway will grow by 54% to 120,000 km. Of this total increased capacity, about 16,000 km will be developed as a high-speed rail network carrying trains capable of attaining speeds of up to 350 km/h, and which will be, upon completion, the world's largest such rail network of its kind.

China first began to study the construction of a high-speed rail nework in the early 1990's, some three decades after Japan launched its first bullet train in 1964. China initially conceived of building its first high-speed rail line between Beijing and Shanghai, connecting the country's two economic powerhouses. Over time, demand for efficient long-distance transportation has increased sharply along with the development of China's economy. As the existing national rail network has progressively become stretched to its limits, China has had to change its focus from improving the existing system to adopting an entirely new strategy of using state-of-the-art technology capable of running significantly faster than the existing system.

In 2004 the State Council unveiled its "Master Plan for Medium-to-Long Term Rail Network". According to the plan, the high-speed rail network would no longer be designed on the basis of lines connecting only major cities, but rather as a mammoth, national-scale network connecting the coastal areas and China's inner regions, and taking "four major vertical lines and four major horizontal lines" as its main framework. This plan was and still is an ambitious one, as such enormous investment will become a mammoth liability with manifold concerns. According to a research report released by the National Development and Reform Commission and its relevant departments in July 2009, the accumulative debt for the Ministry of Railways (MOR) is estimated to be close to RMB 3,000 billion in 2020. If the future operating income of the high-speed rail network is insufficient to repay this debt, the MOR will have to seek other financing channels or develop properties atop and surrounding railway stations to subsidise the network operations, or the MOR may suffer from a serious debt crisis. More importantly, however, the whole project dramatically reduces the "mental size" of China, which clearly implies that travelling times and distances across the country will be drastically compressed and borders between city clusters rendered less distinct. In addition, although China's railway system ranks third globally in terms of total length, the railway length per capita is just 6 cm. Even if the total length of China's railway system reaches 120,000 km in 2020, its per capita railway length will still be less than 15% of that in the United States. Thus, an alternate and more positive view is that for such a colossal project which will take ten years to complete and bring benefits that will reach into nearly every part of the country, the cost is well worth it.

The impact of the national high-speed rail network on urban real estate development over the next decade will be manifold, and will represent a trend towards greater intra-regional connectivity that developers and investors cannot afford to overlook. The high-speed rail

THE "FOUR VERTICAL AND FOUR HORIZONTAL" MAJOR PASSENGER LINES

Four vertical passenger lines
Beijing – Shanghai Linking Beijing, Tianjin and the economically developed costal areas in Yangtze River Delta in East China
Beijing – Wuhan – Guangzhou – Shenzhen Linking North China and South China
Beijing – Shenyang – Harbin(Dalian) Linking Northeast China and North China
Hangzhou – Ningbo – Fuzhou – Shenzhen Linking Yangtze River Delta, Pearl River Delta and coastal areas in Southeast China.

Four horizontal passenger lines
Xuzhou – Zhengzhou – Lanzhou Linking Northwest China and Northeast China
Hangzhou – Nanchang – Changsha Linking Central China and East China
Qingdao – Shijiazhuang – Taiyuan Linking North China and East China
Nanjing – Wuhan – Chongqing – Chengdu Linking Southwest China and East China

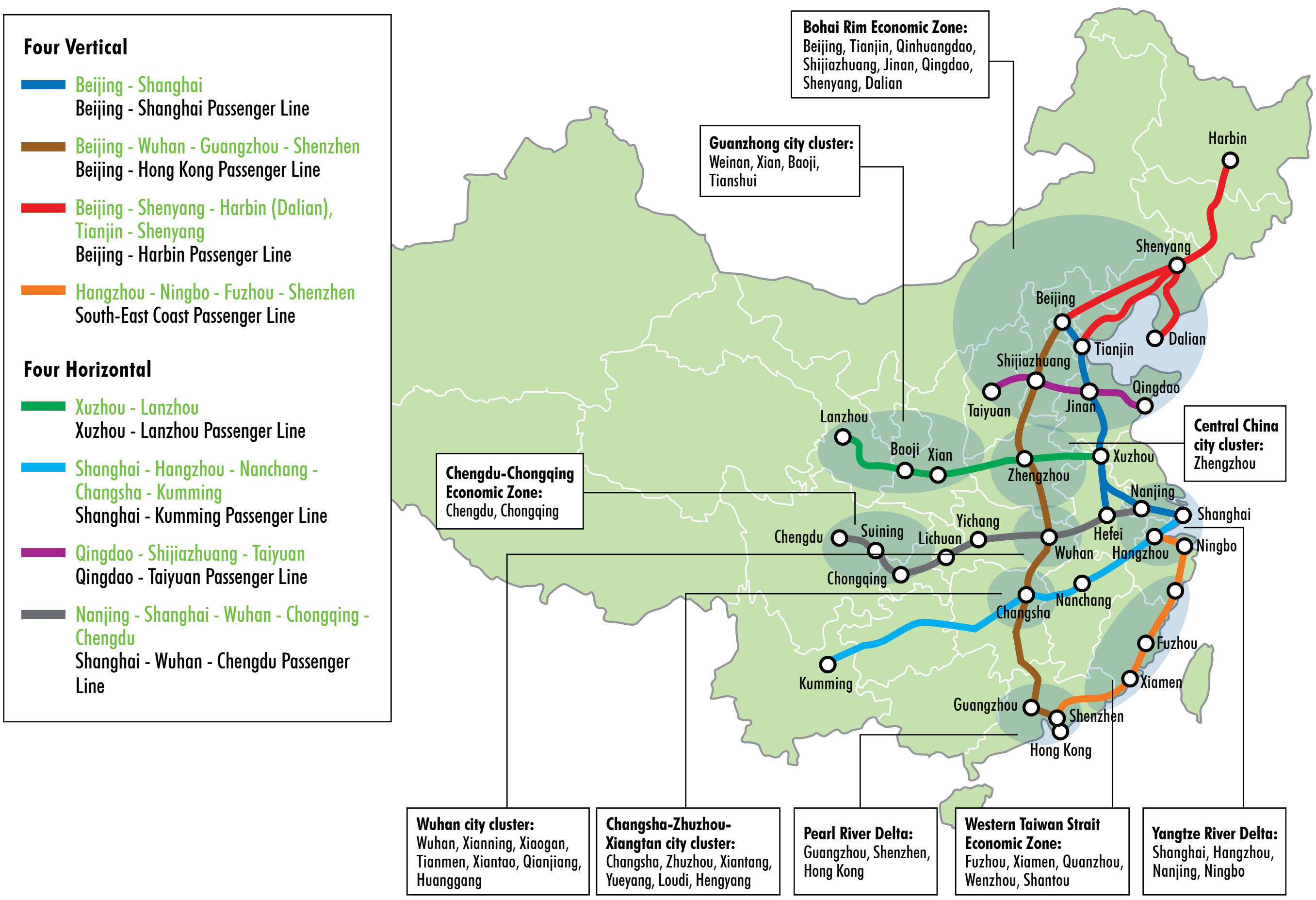
network forms part of the policy to shift the emphasis of the next round of urbanisation towards focusing more tightly on urban form and the inter-relationship between urban clusters themselves, ending the period of uncontrolled urban sprawl in megacities. The ultimate effect of this shift in approach has been to encourage more coordinated intra-regional development. Immediately following the launch of construction of the planned high-speed railway systems and inter-city rail networks, various local governments also commenced the launch of a new round of master planning development of the areas surrounding railway stations into new urban commercial centres. In 2010 CB Richard Ellis Research Asia released a special report on the high-speed rail development plan, analysing its impact nationwide as well as on individual urban agglomerations. The full report identified cities likely to benefit most from the coming revamp of China's rail transportation system, and highlight the benefits which this massive, national level infrastructure project is anticipated to bring to the domestic real estate industry. This article is the shortened version of the full report.

THE DEVELOPMENT OF CHINA'S HIGH-SPEED RAIL NETWORK AND THE QUICKENING OF URBANISATION

China has an estimated population of 1.3 billion people and boasts 122 cities with over one million residents. All major cities in China are characterised by the sizeable population flow of people from different provinces and regions. The process of urbanisation is not only about the movement of people from rural areas to cities, but also expediting the rapid and efficient flow of the population between cities. Therefore, building an efficient nationwide mass transit system is extremely important for the future development of the country.

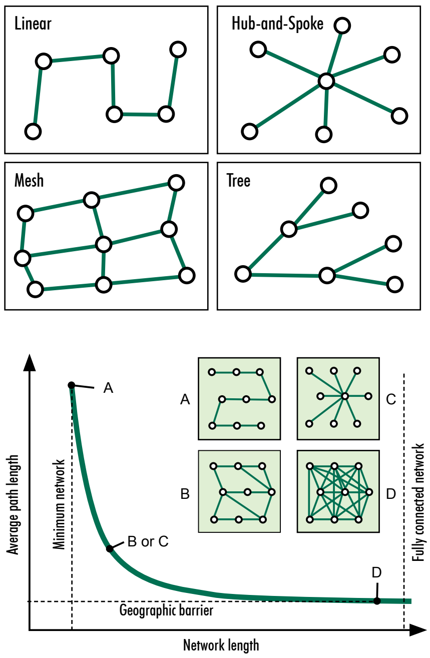
The thinking behind future modes of transportation in China can be summarised neatly as, "subways inside cities, passenger lines within larger urban areas and high-speed rail links between city clusters". The major first and second-tier cities around China have already been rapidly developing their inner city subway networks, and the three major city

NINE MAJOR CITY CLUSTERS UNDER THE HIGH-SPEED RAIL NETWORK PLANNING



clusters of Bohai Rim, Yangtze River Delta and Pearl River Delta have already constructed their inter-city passenger lines, with more planned stations on the way. In 2008, in its revised plan for the national high speed rail network, the Ministry of Railways proposed that the inter-city passenger transportation system will extend from the regions of Bohai Rim, Yangtze River Delta and Pearl River Delta to other major inland conurbations such as the Changsha-Zhuzhou-Xiangtan city cluster, the Chengdu and Central China city cluster, the Wuhan city sphere, the Guanzhong city cluster and the Western Taiwan Straits city cluster, thereby actively promoting positive synergy among these different regions. The basic and matrix-like structure of the high-speed train system itself, comprising "four vertical and four horizontal lines", is aimed at strengthening communication among city clusters and promoting more balanced development between different regions, thereby realising the goal of forming a "one-day living sphere" in China.

RELATIONSHIP BETWEEN NETWORK TOPOLOGY AND REGIONAL CONNECTIVITY



Source: Rodrigue, J-P et al. (2004) Transport Geography on the Web, Department of Economics & Geography, Hofstra University (http://people.hofstra.edu/geotrans)

GEOGRAPHICAL ADVANTAGES CREATED BY HIGH-SPEED RAIL PLANNING

The intensive flow of people, logistics and information are indispensible to the development of a modern economy. The development of large-scale passenger railway transport systems can greatly enhance the exchange of skilled personnel between cities, therefore promoting the flow of information. As with real estate development, transport infrastructure will last for decades or even centuries, and will bring great economic benefits to the regions it serves. China's high-speed rail network will create a geographical advantage for major cities, which will be reflected in rising land value in terms of improved accessibility and the enhanced agglomeration effect. According to the current plan for the high-speed rail system and the main inter-city passenger railway network, each line will link two or more cities to form corridor cities.

A number of corridor cities will overlap each other to form network cities with a functional radiation of influence which, in turn will have a positive synergistic effect on their economies. Thus, the transportation network topology will be critical for inter-city connectivity. The various forms that the network will take are classified as Mesh, Hub-and-spoke, Linear and Tree. Among them, Mesh-shaped topology accounts for the largest number of connections. Mesh topology is the most complete form of network with the shortest average path distance, while under the topologies of Hub-and-spoke and Linear, linkages between cities are less direct and may even require detours, which may lead to some cities being marginalised.

Three decades after China first initiated the Open Door Policy, national economic activity is still concentrated in the northern, southern and eastern coastal areas surrounding the Beijing, Shanghai and Guangzhou conurbations. Over the course of the coming decade the Central government will place a higher priority on stimulating the growth of China's inner regions. One of the handiest tools available to close the gap in the level of economic development is through the improvement of transportation links to interior metropolitan areas. The full version of this report provided a more in-depth analysis of the railway topology of China's major city clusters and analysed the various influences on the different city nodes from the national high-speed rail network through to the topology of the passenger rail network as well as its regional connectivity and accessibility. The table below summarises the major findings of the report.

Railway construction will accelerate regional economic development while urbanisation will focus on narrowing the gap between developed and less-developed regions

China is home to several large metropolitan cities including Beijing, Shanghai, Chengdu and Chongqing, all of which each boast a population of over 10 million. This has resulted in the extremely high concentration of real estate demand and similarly high pressure on the transportation, energy and water supply systems in these cities. In this context, future policy will be targeted at preventing these major cities from expanding too fast, and also

NETWORK TOPOLOGY IN THE MAJOR NINE CITY CLUSTERS

City cluster	"Four Vertical and Four Horizontal" Lines	Population, million (As % total)	GDP, billion RMB (As % total)	Topological network	Remarks
Bohai-rim Economic Zone	Beijing, Tianjin, Qinhuangdao, Shijiazhuang, Jinan, Qingdao, Shenyang, Dalian	230 (17.8%)	8,526 (25.4%)	Mesh-shaped network with Beijing as the key node	Beijing and Tianjin as a double central axis and Shijiazhuang and Qinhuangdao serving as the two wings of the "double triangle"
Yangtze River Delta	Shanghai, Hangzhou, Nanjing, Ningbo	87 (6.5%)	5,971 (17.8%)	Mesh-topological and linear-shaped railway with Shanghai as the centre	Pattern of "one core with nine belts" with the linkage of various transport facilities with Shanghai as the core
Pearl River Delta	Guangzhou, Shenzhen, Hong Kong	48 (3.6%)	3,211 (9.6%)	Tree-shaped topology with subway network in mesh-shape	Guangzhou will become the centre of the "three-sphere" system, connecting the east and the west sides in the Delta, expanding to cover rural areas
Changsha-Zhuzhou-Xiangtan City Cluster	Changsha, Zhuzhou, Xiangtan, Yueyang, Loudi, Hengyang	41 (3.1%)	1,035 (3.1%)	Mesh-shaped, while the network outside the core city belt is to be based on linear topology	"3+5" city cluster consists of 3 major cities of Changsha, Zhuzhou and Xiangtan + 5 cities of Yueyang, Changde, Yiyang, Loudi, and Hengyang
Chengdu-Chongqing Economic Zone	Chengdu, Chongqing	102 (7.6%)	1,404 (4.2%)	A "dumbbell-shaped" pattern with Chengdu and Chongqing as the two poles	Consists of eight railway lines: Core line includes Chengdu and Chongqing; Other seven lines connect the two core cities and second-tier cities
Central City Cluster	Zhengzhou	43 (3.2%)	1,123 (3.3%)	Mesh-shaped network with Zhengzhou as the centre	Having the spatial layout of "one pole, two spheres and three layers"
Wuhan City Cluster	Wuhan, Xianning, Xiaogan, Tianmen, Xiantao, Qianjiang, Huanggang	31 (2.3%)	802 (2.4%)	"Hub-and-spoke" mode, while the major linkages to other cities are in "linear" mode	Eventually form a framework of "radiation plus ring" intercity rail transport network
Guanzhong City Cluster	Weinan, Xi'an, Baoji, Tianshui	29 (2.2%)	573 (1.7%)	Second-tier cities will be based on the linear topology, while Xi'an and the other sub-core cities will rely on the tree-shaped mode	Idea of the "West Delta Economic Zone"
Western Taiwan Straits City Cluster	Fuzhou, Xiamen, Quanzhou, Wenzhou, and Shantou	87 (6.5%)	2,091 (6.2%)	Mesh-shaped; Fuzhou and Xiamen as the core, with links to other three major and medium-sized cities of Quanzhou (Fujian), Wenzhou (Zhejiang) and Shantou (Guangdong)	"Three-vertical and six-horizontal"* three major lines along the south-north and the six major lines along the east-west

Source: Statistical bureaus, calculated by CBRE Research; Figures in 2009, except 2008's figures are used for Chengdu-Chongqing Economic Zone

accelerating the growth of medium and small-sized cities. Changing the emphasis of development in this way acts to mitigate the pressures on major cities and achieve more balanced regional development while also strengthening the advantages of medium and small-sized cities in complementing the major cities. At present, the cities in more remote areas offer lower production costs, but their lack of direct connection with larger metropolitan areas has hindered many large enterprises from investing in them. Upon completion of the newly planned high-speed rail lines, the accessibility of these cities will be significantly improved, which will help them to leverage on their lower cost basis to attract investment. Meanwhile, as the new high-speed rail lines will be devoted entirely to passenger traffic, they will free up existing railway lines to be utilised for cargo transportation services, thus facilitating the growth of the manufacturing industry in the inland areas.

At present there is a huge gap in terms of the level of urban development between the major city clusters in China. Although each city cluster is planning to achieve more balanced regional economic growth, industrial development cannot be merely led by government planning as it involves a great deal of private sector decision making. For this reason, each city cluster is endeavouring to use the high-speed rail network to enhance the links between its individual internal cities via boosting the development of transportation infrastructure. From the point of view of each of the nine city clusters, this must be done by improving the accessibility of their transportation network to the new, state-of-the-art high speed rail systems, thereby laying the foundations for building a dynamic and competitive city cluster.

Unlike previous models of urbanisation, China's future urbanisation will highlight the development of its medium and small-sized cities and its less-developed areas. The high-speed railway lines will promote internal links within the city clusters and ultimately facilitate regional integration. Meanwhile, coastal city clusters will use the high-speed railways to help their economic influence penetrate deeper into inland areas.

In addition, the change of focus from relying heavily on roads to placing greater emphasis on rail has already become an important element in sustainable national level transportation design. Energy consumption and CO_2 emissions from trains are much lower than those from automobiles and airplanes. This change in transportation model will accelerate the development of small and medium cities as it will alleviate development pressure in leading metropolitan areas with populations of over 10 million which are already running under stressed capacity in providing energy, water supply and transportation services. Urbanisation in the form of extended urban agglomerations spread over a wide region appears to be the most sustainable solution for China to accommodate the increases in urban population anticipated over the coming decade.

ECONOMIC OUTLOOK AND REAL ESTATE DEVELOPMENT

Impact of the high-speed rail network on regional economic development

The high-speed rail network is one of the most ambitious construction projects undertaken by China in the 21st century. It will cover nine major city clusters, with a total population of nearly 700 million, which collectively represent 74% of China's GDP. The direct economic benefit of the high-speed rail network is often generally measured by the reduced time cost. Upon the completion of the "four-vertical and four horizontal" high-speed rail network, the travelling time between/among the six major cities in the region will be shortened to less than 9 hours (see table below), and most of the inter-city travelling times will be reduced by 60%.

According to the "Eleventh Five-Year Plan", by 2010 China will have constructed a total of 17,000 km of railway lines and the national total operating mileage will have reached more than 90,000 km, with the aggregate investment being over RMB 1,200 billion. By 2020 the national railway system will run a total of 120,000 km. In the view of certain critics, China's investment in high-speed rail is astronomical. From their perspective, the economic boost which China will receive over the short to medium from constructing the railway is limited. Some have even predicted China would essentially repeat the same mistakes Japan made with its own high-speed rail network, with only a number of major new railway lines being profitable and with the other lines ultimately needing to be state subsidised due to their failure of attaining the anticipated passenger volume. In a study titled "High-Speed Rail: The Fast Track to Economic Development?" released in July 2010, The World Bank argued that whilst a successful high-speed rail system can bring huge economic and environmental benefits, based on international experience, investment in high-speed rail network is very difficult to recover unless those lines are located in the very densest traffic corridors. The study recommended that when governments are contemplating the benefits of a new high-speed rail network, they should consider the near-certainty that a large and ongoing budget will have to be provided to support the debt. In addition, the Chinese Academy of Sciences in November 2010 submitted a report to the State Council questioning whether China could afford the high-speed rail network, and highlighted various problems such as high-speed rail network technology, economic practicability, debt burden and affordability.

In our view, however, as a decade-long project that is apt to be beneficial to the whole nation, the amount of investment allocated for high speed rail development does not appear unreasonable. Although investment in the construction of the high-speed rail network is being largely financed by debt, which at its peak, will represent a substantial financial burden for the China Ministry of Railways, as the project moves progressively towards completion a greater variety of financial channels are expected to open to finance elements within the project and also provide relief from the burden of debt initially assumed. Meanwhile, the rapid growth of household income means that the relatively high fares on the high-speed rail network will gradually become more affordable, creating more

TRAVELLING TIME IN HOURS AMONG MAJOR CITIES AFTER COMPLETION OF THE HIGH-SPEED RAILWAY NETWORK

City / Hour	Beijing	Shanghai	Guangzhou	Wuhan	Xi'an	Chengdu
Beijing	–	4	8	3	5	8
Shanghai	4	–	7	4	5	9
Guangzhou	8	7	–	3	8	8
Wuhan	3	4	3	–	3	5
Xi'an	5	5	8	3	–	2
Chengdu	8	9	8	5	2	–

Source: Central Government, CBRE Research Asia

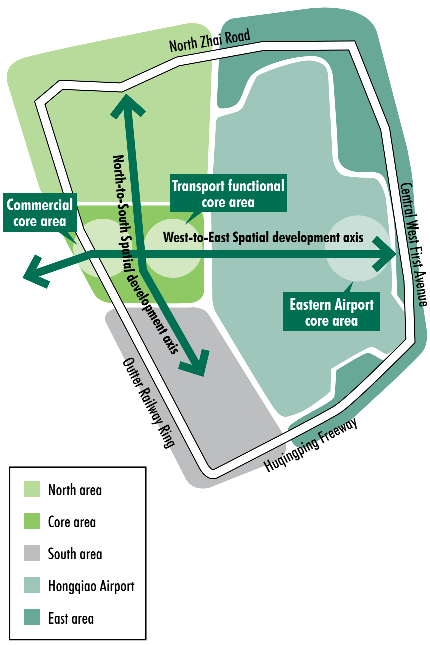
favourable conditions to support the development of the system. Economies of scale in construction costs as well as the firm commitment of the Chinese government to the decades-long construction programme will further improve the project's likelihood of success. Thus, the setbacks and failures witnessed in other countries perhaps should not be strictly applied to China's case.

Implications for property development

The construction of the high-speed rail network will greatly improve accessibility to and from China's second and third tier cities. The value which it will add to them, with respect to these individual property markets, will therefore be more profound than its impact on first tier cities. The impact will perhaps be most remarkable in the residential sector as the improvements in accessibility which it will bring about will encourage people to move away from over-crowded city cores to less densely developed zones in search of an improved living environment. At the same time, commercial property demand will receive a substantial boost as the high-speed rail network will spur the emergence of new development nodes and sub-core hubs within larger urban agglomerations, with increased commercial development potential.

Furthermore, the improved mobility and accessibility brought by the high-speed rail network will play a major role in enhancing the economic value of the cities it serves, and thus generate new opportunities for real estate development. Immediately after construction of the planned high-speed rail systems and inter-city rail networks commenced, various local governments, in particular those in second- and third-tier cities in the Changsha-Zhuzhou-Xiangtan Circle, Chengdu-Chongqing Corridor, Central Henan, Wuhan City Cluster, Guanzhong City Cluster and the Western Taiwan Strait Economic Zone launched a new round of master planning to develop the areas surrounding railway stations into new urban commercial centres.

MASTER PLAN OF HONGQIAO BUSINESS AREA IN SHANGHAI



China can also learn from the development model of subsidising property projects in and around railway stations, which entails establishing an integrated plan on the sites immediately surrounding the high-speed rail network stations and utilising the concept of the "railway station-based economy", first pioneered by Japan, to further extend the function of the railway station from merely serving the needs of transportation use to becoming a highly diversified commercial area, which, in turn, adds value to the properties immediately surrounding the stations. In comparison to the old areas around the older railway stations which were typically over-crowded and in a state of disorder, the new areas around the high-speed railway stations are planned to be developed into integrated business spheres, indicating a shift away from their previous single function of hosting only transportation facilities to multiple functions including business, administration, shopping, recreation and lifestyle destinations. These new areas offer great potential for property development and should attract significant attention from property developers and investors over the coming decade.

Residential projects located one hour from a transportation hub will provide an attractive location for the working population in the Business Area, and the concept of "Railway changes life" is gaining currency, together with that of the "one-day living sphere" in the major regions, "three-hour living sphere" in the major city clusters and "one-hour living sphere" in the immediate neighbouring cities. A new, possible living model of "living and working in two different neighbouring cities" has been brought into being along with the development of the national high-speed rail network. In this new lifestyle model, people who live and work in different places, nicknamed the "pendulum clan", are now starting to be found in such cities as Shanghai and Hangzhou, Hong Kong and Shenzhen, Guangzhou and Foshan. Some property developers have noticed this trend and have increased their focus on developing projects adjacent to the new railway stations which are just one stop away from the major cities.

To these developers, the expanded potential for residential development in locations which were not previously viable has securely welded their attention. As for companies, setting up logistics departments in second-tier cities next to first-tier cities can help reduce operating costs. Their employees are also more willing to work in second-tier cities and the management of these enterprises can better handle the complexity of operating across different cities, thus boosting the need for different types of office accommodation in second-tier cities.

The potential for property development in various cities

The high-speed rail network will improve the accessibility of second- and third-tier cities in China and its construction will provide a greater stimulus to driving property development in these locations, as compared to the more development saturated and mature first-tier cities. It is the residential sector which will benefit the most, while the growth of other commercial sectors will proceed more or less in tandem with the pace of economic development in the relevant city clusters. At the same time, the improved transportation infrastructure will help disperse central cities' overly dense population agglomerations to the outlying areas and reduce housing demand in the core areas of first-tier cities. Therefore, the construction of the high-speed rail network will have a lesser impact on housing demand in first-tier cities. Instead, its impact will mainly be felt in the area of commercial development planning as manifested in the urban satellite areas which will begin to emerge as soon as they are connected to the urban core via high-speed train. The future development potential for various property sectors as generated by the construction of high-speed railways is summarised in the table below.

NEW SUPPLY OF BUSINESS PARKS IN SHANGHAI SINCE 2004

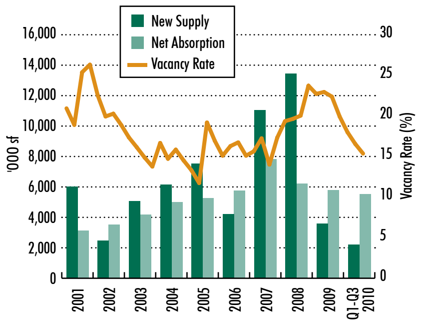
	First-tier cities	Second- and third-tier cities
Residential	• The population will be decentralised to outlying areas or to neighbouring cities, thereby mitigating the excessive demand for housing in core urban areas	• The living sphere will be expanded to second- and third-tier cities within city clusters and will increase housing demand in such cities • While enjoying easy accessibility buyers can also select residential projects with low density and favourable living conditions
Office	• Demand for premium office buildings will grow in the medium and long term through the development of a high-end business service sector • Enhanced economic activity in and around the high-speed railway stations could increase the need for office buildings surrounding these stations	• Some enterprises will look to reduce costs by moving their logistics or other operational centres to second- and third-tier cities linked by the new high-speed rail network
Retail	• Limited impact on the retail scene in such cities, but new retail destinations could be formed with the increased passenger flow in and around high-speed railway stations	• Potential for new retail developments in and around the new high-speed railway stations
Hospitality	• Increase in the number of people travelling for tourism and sight-seeing in such cities • Some passengers may reduce their length of stay or choose to stay in neighbouring cities • Possible growth in the number of hotels in and around the high-speed rail stations	• Increase in the number of tourists who choose to travel by train • Possible growth in the development of hotels in and around these stations
Industrial	• The integrated development of high-speed railways, airports and seaports will increase the need for modern warehouses and other logistics facilities	• Improved accessibility could attract more enterprises to move into these areas • Some existing railway lines will be able to enhance their cargo transport capacity and help improve logistics networks in less-developed cities

OFFICE MARKET SNAPSHOT

GREATER CHINA
BEIJING

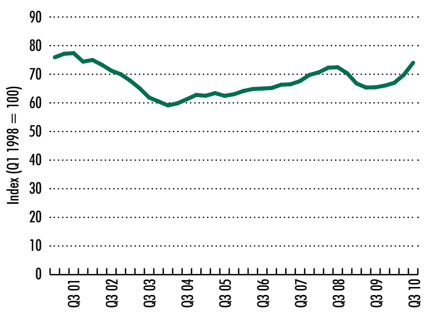
"NET ABSORPTION AND VACANCY RETURNED TO PRE-CRISIS LEVELS"

SUPPLY, NET ABSORPTION AND VACANCY OF PRIME OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	1,292	925	39.6%
Net Absorption ('000 sf)	2,060	1,936	6.4%
Vacancy	15.4%	16.6%	-120 bps

PRIME OFFICE RENTAL INDEX



RENT (RMB PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Jianguomen	228.2	6.9%	12.2%
Zhongguancun	186.4	3.4%	7.0%
Financial Street	268.2	8.6%	25.9%

The rebound in the Beijing prime office market gathered pace in the third quarter as rising demand drove rents higher and vacancy downwards. Citywide prime office rents climbed by 6.1% q-o-q to RMB 217.9 psm/month (US$3.0 psf/month) during the period, whilst net absorption of 2.1 million sf saw vacancy decline by 120 bps q-o-q to 15.4 %. All major office submarkets recorded rental increases with Financial Street, still the preferred location for banking and finance institutions, seeing the largest hike of 8.6% q-o-q to RMB 268.2 psm/month (US$3.7 psf/month). Office rents in the CBD were largely in line with citywide rental growth, rising 6.9% q-o-q to RMB 228.2 psm/month (US$3.2 psf/month). The Zhongguancun submarket, where tenants are primarily domestic enterprises, also enjoyed a solid quarter, with rents for prime office space recording an increase of 3.4% q-o-q to RMB 186.4 psm/month (US$2.6 psf/month). The average vacancy level in the Financial Street and Zhongguancun submarkets fell even further during the review period to below 5%, as supply shortages in these districts persisted.

The period saw net absorption and vacancy finally return to pre-crisis levels, meaning that demand for prime office space in Beijing can be regarded as having fully recovered. A number of large-scale transactions were reported, involving both domestic and international corporate players across several industry sectors including IT, consulting, finance, manufacturing and energy. Major deals included Alibaba and King & Wood Law Firm leasing 97,000 sf each at the World Financial Centre and American energy company Peabody taking up 11,000 sf at the Yintai Centre. The quarter also saw the completion of China World Trade Centre III, which will provide the market with 1.3 million sf of new office space.

MARKET OUTLOOK

Five prime office projects providing a total of 3.7 million sf to the market are expected to be completed in the fourth quarter of 2010 and this large quantum of new supply is likely to increase the citywide vacancy level. The Jianguomen CBD in particular will be faced with short-term supply pressure given that four of these new projects, providing a total of 3.2 million sf, are situated in this submarket. The other new project is situated in Financial Street, which has not had any new supply in the previous five quarters. Despite the new addition, Financial Street will continue to suffer from supply shortages, which may force domestic financial companies to consider other areas such as the eastern side of the CBD where more options are available. Leasing transactions for offices in the CBD therefore look set to be dominated by domestic financial institutions in the short term, resulting in an increasingly diverse tenant mix in this submarket.

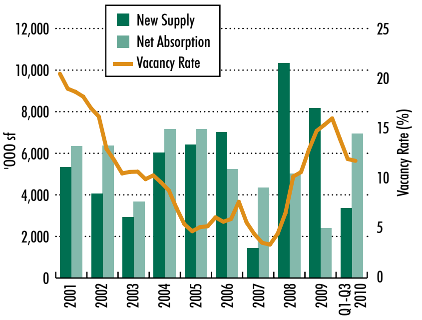
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
World Financial Centre	Chaoyang	96,900	King & Wood Law Firm
World Financial Centre	Chaoyang	96,900	Alibaba
Yintai Centre	Chaoyang	10,800	Peabody

GREATER CHINA
SHANGHAI

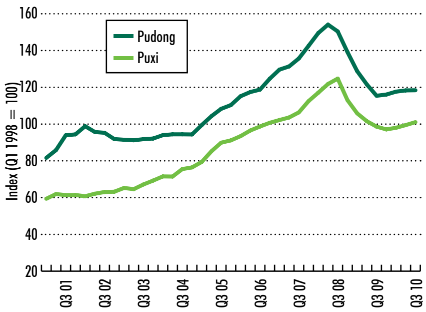
"THE SUBSTANTIAL QUANTUM OF NEW SUPPLY ENSURED MARKET CONDITIONS REMAINED COMPETITIVE"

SUPPLY, NET ABSORPTION AND VACANCY OF PRIME OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	1,854	1,143	62.3%
Net Absorption ('000 sf)	1,853	2,751	-32.6%
Vacancy	11.8%	11.9%	-20 bps

PRIME OFFICE RENTAL INDEX



RENT (RMB PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Pudong	224.9	0.1%	2.6%
Puxi	205.6	1.6%	2.5%

The Shanghai prime office market continued to recover at a steady pace during the third quarter of 2010 with citywide average asking rents recording q-o-q growth of 1.0% to RMB 212.0 psm/month (US$2.9 psf/month), the third consecutive quarter of upward rental movement. Asking rents in the Puxi submarket rose by 1.6% q-o-q, outpacing the marginal growth of 0.1% q-o-q witnessed in Pudong, a trend largely due to lower vacancy in existing projects in Puxi and fewer pipeline projects under offer for preleasing in the district. Four new office buildings including Manpo International Plaza in Changning District, Tower 1 New Richport in Luwan District, Hong Jia Tower in Pudong New District and Henderson Metropolitan in Huangpu District came on stream during the quarter, providing a total of 1.9 million sf to the market. Total net absorption was 1.9 million sf, the same as new supply, and vacancy consequently fell by 20 bps from the previous quarter to 11.8%.

Leasing activity remained buoyant across most industries with professional services, manufacturing and financial services companies comprising the bulk of demand, while trading, IT, and other service firms were also fairly active. A number of tenants were observed to be looking for opportunities to relocate to new or upcoming high-profile projects by taking advantage of relatively low rents presently on offer. One example saw Zhong Lun Law Firm relocate from the Bank of China Tower to Two IFC to take up a space of 26,900 sf. Hays also moved, vacating its office on Huaihai Road in favour of a 11,000 sf premium space in Wheelock Square, the new landmark along West Nanjing Road. Corning, the specialty glass and ceramics firm, leased 29,000 sf in the same building.

MARKET OUTLOOK

Some 10 million sf of new office space is scheduled to come on stream within the next six months and this substantial quantum of new supply will ensure market conditions remain competitive. Supply for 2010 alone will total 7.1 million sf with more than half of this amount scheduled to come on stream in the last quarter of the year. The amount of new supply is relatively high considering the average annual supply of 6.7 million sf over the past five years. New completions in 2011 are estimated to be almost double the record set in 2010, which may likely push present vacancy levels upwards. Nevertheless, provided that the global economy remains on its current recovery track and given the stable net absorption of office space, office rents are expected to rise steadily in forthcoming quarters, although not rapidly in view of the large quantum of future supply.

Around one-third of the space scheduled to come on stream has been pre-committed through large-size leases and purchases but the remainder should provide tenants with enough options to bargain with landlords. Asking rents are still relatively low compared to the pre-crisis period, implying that office occupiers have plenty of opportunity to continue to locate to high quality office space at affordable rents. As Shanghai continues to develop into a financial centre, domestic financial institutions will expand and large SOEs will set up regional headquarters in prime locations. The rise of domestic occupier demand for high-quality office space will be a significant trend in the near-to-long-term future.

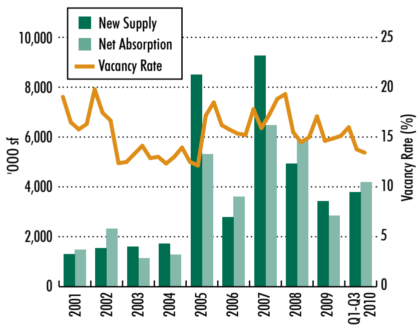
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Wheelock Square	Jing'an	28,700	Corning
Two IFC	Pudong	26,900	Zhong Lun Law Firm
Shanghai ICC	Xuhui	26,900	PaPa John's

GREATER CHINA
GUANGZHOU

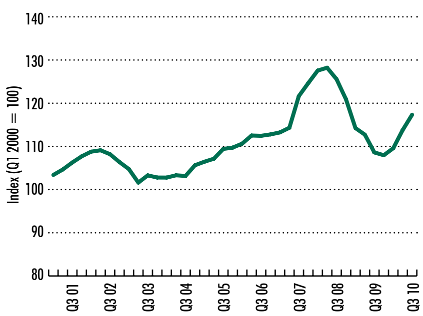
"THE PERIOD SAW SUSTAINED DEMAND FROM COMPANIES LOOKING TO UPGRADE THEIR OFFICE SPACE"

SUPPLY, NET ABSORPTION AND VACANCY OF PRIME OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	1,357	0	n.a.
Net Absorption ('000 sf)	1,352	1,218	11.1%
Vacancy	13.4%	13.8%	-30 bps

PRIME OFFICE RENTAL INDEX



RENT (RMB PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Guangzhou	100.2	3.1%	8.0%

The Guangzhou prime office market remained buoyant in the third quarter of 2010 thanks to dynamic leasing activity. Average rents for prime office space grew by 3.1% q-o-q to RMB 100.2 psm/month (US$1.4 psf/month) although rental performance varied between Grade A and Grade B buildings. Grade A office premises recorded q-o-q rental growth of 4.1% amid sustained demand from companies looking to upgrade their office space, while Grade B buildings recorded a minor 0.7% q-o-q increase in monthly rents.

Two new Grade A office buildings, Onelink Center and G.T. Land Plaza Phase II, were completed in Tianhe District during the third quarter, and contributed a total of 1.4 million sf of new space to the market. Onelink Center, located in the Tianhe Sports Centre business hub, is the only new Grade A office building to have been completed over the past two years in this precinct. Around 85% of the available office space in G.T. Land Plaza Phase II was pre-committed upon its completion, with PwC and the Guangdong Development Bank the major tenants.

Strong leasing demand and rapid absorption ensured net absorption amounted to 1.4 million sf in the quarter, despite the new completions. Overall vacancy declined by 30 bps q-o-q to 13.4%. Major transactions reported during the period included Watson's taking up a 76,600 sf space at Zhujiang International Building in Yuexiu District, while Guangzhou Securities pre-committed to a 70,000 sf space at Guangzhou International Finance Center, which is currently under construction in Pearl River New City.

MARKET OUTLOOK

The compulsory 59-day suspension period on city-wide construction and fit-out works due to the Asian Games resulted in the slowdown of leasing activity towards the end of the quarter. It is anticipated that the impact of the suspension period will extend into the fourth quarter and last until the event finishes at the end of November. Rental increases are therefore expected to diminish accordingly for the reminder of the year.

Four new prime office buildings are expected to be completed in the last quarter of 2010, two of which will be located in Pearl River New City. The new completions will include the Guangzhou International Finance Centre (IFC), which will become the tallest building in the city. Located along Zhujiang Avenue, the 432-metre high tower comprises 1.8 million sf of office space, a Four Seasons Hotel, a department store and serviced apartment units. Following the opening of this new landmark building, a further six new office towers each with a total of more than one million sf are also scheduled to come onto the market in 2011. This large quantum of new supply may suppress any rapid growth in rents, although most of the space in these buildings has been pre-committed, pre-sold or will be for self-use.

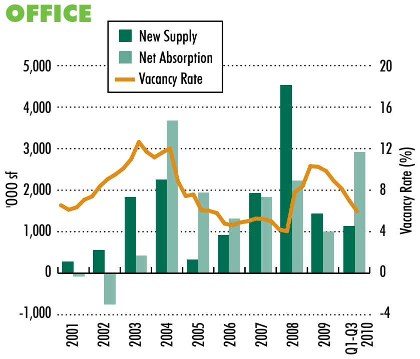
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Zhujiang International Building	Yuexiu	76,600	Watson's
Guangzhou International Finance Centre	Tianhe	69,900	Guangzhou Securities
G.T. Land Plaza II	Tianhe	19,400	Mitsui & Co.

GREATER CHINA
HONG KONG

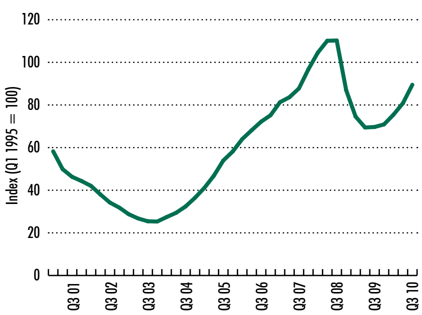
"STRONG OFFICE TAKE UP HELPED PUSH DOWN THE OVERALL CITYWIDE VACANCY RATE FOR GRADE A OFFICE SPACE"

SUPPLY, NET ABSORPTION AND VACANCY OF CITYWIDE GRADE A OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	376	465	-19.2%
Net Absorption ('000 sf)	1,004	1,176	-14.6%
Vacancy	5.9%	7.0%	-100 bps

GRADE A OFFICE RENTAL INDEX



RENT (HK$ PSF/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Citywide	50.5	10.8%	28.6%
Central (CBD)	105.0	10.9%	37.2%

Note: Seven more districts were included in citywide figures starting from Q2 2009s.

The Hong Kong office market enjoyed a buoyant third quarter as the outlook for regional economic growth remained bright. Overall Grade A rents surged 10.8% q-o-q to HK$50.5 psf/month (US$6.5 psf/month) with average rents in Kowloon jumping 15% q-o-q to average HK$28 psf/month (US$3.6 psf/month), outpacing the 10% q-o-q average rental increase on Hong Kong Island (HK$66 psf/month or US$8.5 psf/month). The stronger rental growth recorded in Kowloon was due to both the lower rental base in the district and greater confidence among landlords to raise rents given the continued positive take-up and lower vacancy levels in the area.

Positive net take-up of around one million sf was recorded citywide, a number similar to the level of net absorption witnessed in the previous quarter. Net absorption was at its strongest in Kowloon East, where 302,000 sf was absorbed, a trend largely due to the lure of newly completed office space in the area and the lower rents on offer relative to the other main office districts. Net absorption of around 193,000 sf was recorded in Tsim Sha Tsui, thanks to positive take-up in The Gateway and Harbour City as well as a significant drop in available space in Miramar Tower. The strong office demand helped push the overall citywide vacancy rate for Grade A buildings down 100 bps q-o-q to 5.9% during the review period. The decline in the vacancy rate in Kowloon was more significant compared to Hong Kong Island, falling 200 bps q-o-q to average 9% as a result of the strong take-up of space in both Kowloon East and Tsim Sha Tsui. The vacancy rate on Hong Kong Island also continued to fall, with the Central submarket recording the lowest rate of under 3%.

New office completions have been rather limited so far this year, with Legend Tower sold off on a strata-title basis by the developer and the final phase of ICC in Kowloon West having largely been preleased prior to completion. Some 645,000 sf of new supply is forecast to enter the market before year-end in the form of the expected completion of Kerry Centre in North Point and 18 Kowloon East in Kowloon Bay. The completion date of 50 Connaught Road Central may be pushed forward to year end, a move which would provide the Central district with 101,000 sf of additional office space.

MARKET OUTLOOK

The outlook for the Hong Kong office market is optimistic. Rents will remain on an uptrend for the remainder of the year as well as into 2011 on the back of sustained demand for office space and limited new supply in traditional commercial districts. Previous quarters had seen growing concern over limited rental appreciation in certain districts on Hong Kong Island due to the potential rise in vacancy as a result of tenant relocation to Kowloon. However, these worries have now eased thanks to the broader improvement in the economic environment and healthier demand for office space from a variety of sectors such as insurance, business services, trading and consumer products. Nevertheless, the ongoing redevelopment and conversion of older industrial buildings to office usage coupled with the relatively larger pool of available space for large occupiers looking to consolidate or upgrade their operations should ensure Kowloon East and other decentralised districts in Kowloon will continue to be the focus of tenant demand.

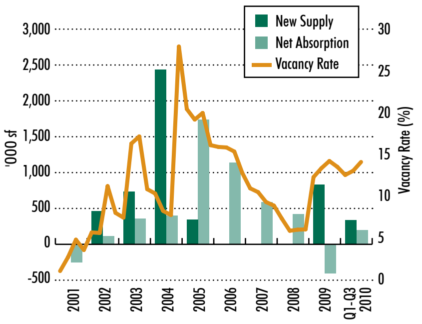
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Manulife Financial Centre Tower A	Kwun Tong	69,000	Jardine Engineering
Warwick House	Taikoo Place	21,800	Posh Office Systems
Caroline Centre	Causeway Bay	15,500	Prudential Assurance

GREATER CHINA
TAIPEI

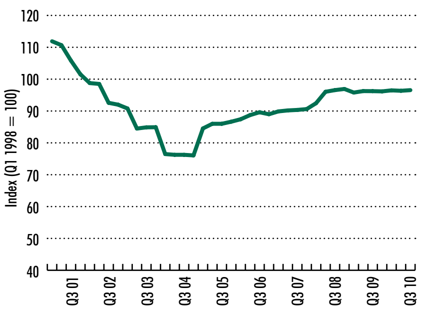
"MAINLAND OCCUPIERS ARE EXPECTED TO EMERGE AS MAJOR PLAYERS IN THE TAIPEI OFFICE LEASING MARKET"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	335	0	n.a.
Net Absorption ('000 sf)	119	-78	n.a.
Vacancy	14.7%	13.6%	100 bps

GRADE A OFFICE RENTAL INDEX



RENT (NT$ PER PING/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Taipei	2,506	0.2%	0.3%

The Taipei Grade A office market strengthened during the third quarter on the back of improved leasing demand in light of the ongoing recovery in the local economy. Enquiry levels grew substantially during the quarter and net absorption returned to a positive level of 119,400 sf thanks to a jump in expansion and relocation activity. Although absorption levels continued to improve, landlords generally kept their rental quotations unchanged as the scale of leasing activity over the quarter was somewhat limited, indicating that many companies remain cautious on costs. Grade A monthly rents remained largely flat and increased only marginally by 0.2% q-o-q to NT$2,506 per ping (US$2.26 psf).

Notable completions during the review period included Shin Kong Xinyi Financial Building in the Xinyi-Jilong Area (XJA), which provided 334,900 sf of new office space to the market. As office occupiers adopted a wait-and-see approach during the construction of the building, the overall vacancy rate rose by approximately 100 bps q-o-q to 14.7%. However, the building is expected to attract large occupiers in the near future in light of the limited availability of Grade A space sufficient to meet the needs of major tenants. Large space users looking for relocation opportunities in the XJA have few options at present as many such companies, particularly those in the banking sector, prefer not to lease space at a building in which a direct competitor already resides. Expansionary moves completed during the period included Intel taking up an additional 20,400 sf unit in Bank Tower II and Phoenix Technologies renting a new 12,500 sf space in Asia Plaza. Other notable transactions included Bank of East Asia relocating to a 20,900 sf space in Taipei Financial Center.

MARKET OUTLOOK

Grade A rents in Taipei are expected to see further growth in upcoming quarters on the back of steady leasing demand. No new supply is scheduled to come on stream until 2012, giving landlords the bargaining power to raise rents. While some multinational tenants including high-tech companies and financial institutions are set to hire new staff, leasing activity in the months ahead is likely to continue to be on a smaller scale, which may therefore limit the rapid appreciation of rents.

Following the signing of the Economic Cooperation Framework Agreement (ECFA) between Taipei and Beijing which took effect in September 2010, mainland Chinese occupiers are expected to emerge as major players in the Taipei office market. The Bank of China and the Bank of Communications launched operations in the country in September and it is anticipated that a number of other large mainland Chinese companies will shortly establish a presence on the island so as to capitalise on business opportunities across the strait.

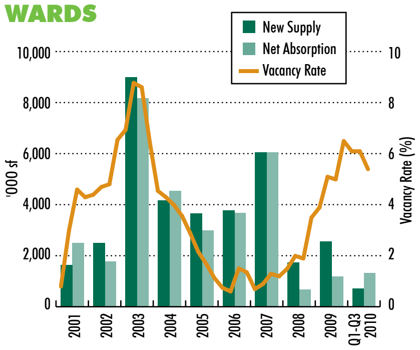
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Taipei Financial Centre	Minsheng-Dunhua Area	20,900	Bank of East Asia
Bank Tower II	Minsheng-Dunhua Area	20,400	Intel
Asia Plaza (Building C)	Neihu	12,500	Phoenix Technologies

JAPAN
TOKYO

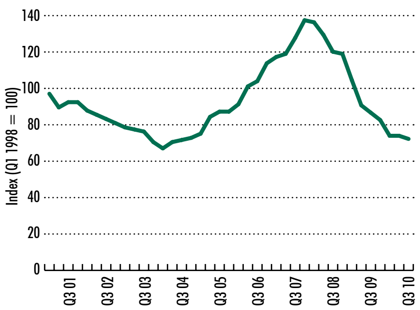
"THE PERIOD SAW SUSTAINED TENANT INTEREST AND A STEADY FLOW OF RELOCATIONS"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE PROPERTIES IN CENTRAL FIVE WARDS



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	715	0	n.a.
Net Absorption ('000 sf)	1,104	-27	n.a.
Vacancy	5.4%	6.1%	-70 bps

GRADE A OFFICE RENTAL INDEX



RENT (JPY PER TSUBO/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Tokyo	31,250	-2.3%	-16.7%

The Tokyo Grade A office market remained stable in the third quarter thanks to sustained tenant interest and a steady flow of relocations. Several well-located Grade A buildings succeeded in attracting new tenants with progress in rent adjustment, whilst other Grade A buildings located in less attractive locations continued to encounter difficulty in filling vacant space. As a result the achievable rent for Grade A buildings fell once again, declining 2.3% q-o-q to JPY 31,250 per tsubo/month (US$10.52 psf/month) (excluding CAM and tax). Two new Grade A buildings came on stream during the review period and commenced operations at almost full capacity. This, combined with the fact that a number of well-located Grade A buildings in the Marunouchi, Otemachi, Yurakucho zone, the Shinagawa zone and the Nishishinjuku zone managed to significantly reduce their vacant space, ensured the vacancy rate for Grade A buildings stood at 5.4% during the third quarter, a fall of 70 bps q-o-q. Tenants generally feel no sense of urgency to relocate their office space, and the availability of Grade A buildings with sufficient space to meet the needs of occupiers looking to integrate and downsize their operations remained unchanged from the previous term.

The diffusion index (DI) of the Bank of Japan's quarterly Tankan economic survey improved from plus 1 in the previous quarter to plus 8 in September 2010 for large manufacturers, mirroring the economic recovery. However, the period saw a small number of companies move to new locations with a larger space or increase their space in buildings they currently occupy. Still, most firms remained focused on cost and continued to relocate to properties with less office space in order to consolidate their business and reduce overheads. The stunted growth in tenant activity was largely due to uncertainty over the local economic outlook amid concerns about the strength of the yen, which is having a direct impact on the performance of export-driven enterprises.

MARKET OUTLOOK

Grade A buildings scheduled to come onto the market over the next six months have made solid progress in securing tenants. The three new buildings that will come on stream in the fourth quarter of 2010 are almost fully occupied and those scheduled to complete in the first quarter of 2011 are confident of securing new tenants as their asking rents are expected to be lowered to the level tenants are seeking. The new additions are therefore unlikely to be a factor that will push the vacancy rate higher. Demand for quality existing Grade A buildings is expected to remain strong. Owners of Grade A buildings suffering from pockets of stubborn vacancy have now adjusted their rents downwards to fill up the space as quickly as possible. As a result, along with the steady market conditions, the vacancy rate should continue to fall gradually and rents will likely bottom out between the end of 2010 and the spring of 2011, somewhat later than the previous forecast of the beginning of autumn 2010.

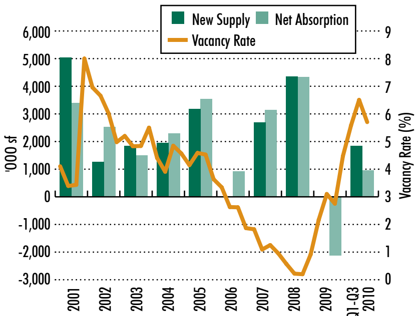
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Shin-Marunouchi Building	Marunouchi, Chiyoda-ku	177,900	Asahi Glass
TK Minami-Aoyama	Aoyama, Minato-ku	131,800	World
Kasumigaseki Building	Kasumigaseki, Chiyoda-ku	42,700	NEC Mobiling

SOUTH KOREA
SEOUL

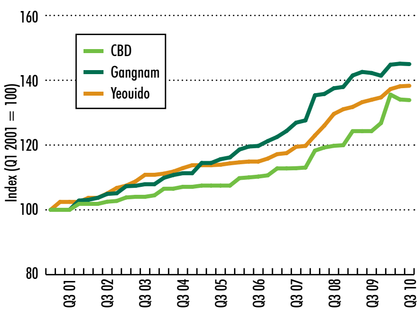
"NEW OFFICE BUILDINGS OFFERED RENTS LOWER THAN THE CURRENT AVERAGE"

SUPPLY, NET ABSORPTION AND VACANCY OF PRIME OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	0	1,468	n.a.
Net Absorption ('000 sf)	495	780	-36.5%
Vacancy	5.7%	6.5%	-80 bps

PRIME OFFICE RENTAL INDEX



RENT (KRW PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
CBD	29,763	-0.1%	1.5%
Gangnam	24,791	-0.1%	0.1%
Yeouido	19,128	0.1%	2.3%

Leasing demand for Grade A office space in Seoul remained relatively stable during the third quarter. Positive net absorption in the CBD totaled 688,200 sf, bringing down the vacancy rate by 310 bps q-o-q to 9.1%. The numerous new office buildings scheduled to come on stream before the end of 2010 were all offering rents lower than the current CBD average, resulting in fierce competition among landlords of existing and new properties looking to attract and retain tenants. Rents for Grade A office buildings in the CBD consequently declined slightly by 0.1% q-o-q to KRW 29,763 psm/month (US$2.4 psf/ month). The GBD also witnessed slight positive net absorption during the review period, whilst rents remained largely unchanged at KRW 24,791 psm/month (US$2.0 psf/month). The YBD saw negative net absorption of 223,400 sf as Hewlett Packard Korea vacated a considerable portion of its space at the HP Building, while rents in the district remained firm at KRW 19,128 psm/month (US$1.6 psf/month), up 0.1% q-o-q.

Given the large quantum of new supply currently in the midst of coming on stream, tenants with deep pockets took the opportunity to secure quality office space as landlords turned more willing to negotiate in order to attract key tenants. The review period saw Oracle move from the Grade A Samhwa Building to the Grade A+ property Asem Tower in the GBD, whilst iMarketKorea upgraded its office from the Grade B+ Kukdong Building in the CBD to the Grade A Samsungdong 3 Building in the GBD. However, flight to quality is not presently a significant trend in the market as many companies are still looking to consolidate and reduce costs. The period also witnessed one notable pre-commitment in the CBD, which saw CJ consolidate five of its offices into a single unit at the SmartPlex building near the CBD to improve efficiency and integration among its various business lines.

MARKET OUTLOOK

Market sentiment has improved significantly in recent quarters on the back of steady economic growth and the rebound in exports. Tenant interest should continue to pick up with many companies hunting for bargains as they look to renew or sign new leases. Landlords remain concerned over the 3.7 million sf of new office space coming on stream in the third and fourth quarters of 2010 and the impact this will have on rents and vacancy. It will be particularly challenging for landlords of existing buildings in the CBD to attract and retain tenants in the face of the large quantum of new office supply which will shortly come on stream in the district. The vacancy rate is therefore expected to follow an upward trend in forthcoming quarters. Nevertheless, while landlords may be more open to negotiations in leasing transactions and offer more incentives to bring down vacancy rates in their portfolios, face rental rates are not expected to plunge, and should instead remain stable.

MAJOR LEASING TRANSACTIONS

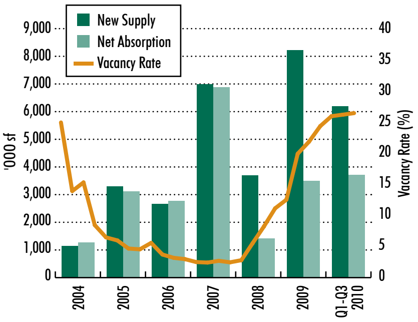
PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
SmartPlex	CBD	50,000	CJ
Seoul Square	CBD	16,000	LG Electronics
Samsungdong 3 Building	GBD	4,000	iMarketKorea

INDIA

NEW DELHI

"HEALTHY ABSORPTION WAS REPORTED ACROSS THE NATIONAL CAPITAL REGION"

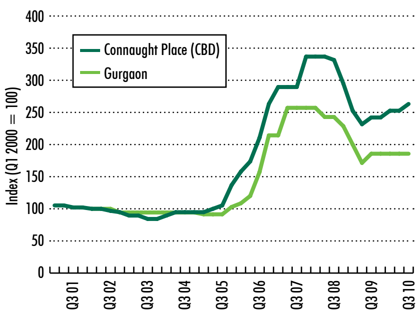
SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	1,790	2,000	-10.5%
Net Absorption ('000 sf)	1,205	1,373	-12.2%
Vacancy	26.5%	26.2%	25 bps

Note: Include Connaught Place CBD, Gurgaon and Noida

GRADE A OFFICE RENTAL INDEX



RENT (INR PSF/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Connaught Place	250	4.2%	8.7%
Gurgaon	65	0.0%	0.0%
Noida	35	-7.9%	-12.5%

Leasing activity in the New Delhi office market held firm in the third quarter as the sustained domestic economic recovery encouraged companies to expand their headcount and absorb additional office space. Despite the active leasing market, overall rental values were largely stable due in part to the abundant availability of stock in the National Capital Region (NCR), especially in the Gurgaon and Noida micromarkets. Leasing demand was mainly focused on newer projects that had either recently come on stream or are scheduled to become operational within the next few quarters. A number of firms opted to move to locations in Special Economic Zones (SEZ's) following the government's decision to rule out the extension of the income tax holiday beyond March 2011 for Software Technology Park of India (STPI) units.

The Central Business District (CBD) saw an increased number of transactions in both the Grade A and Grade B segments resulting in net absorption of approximately 30,000 sf. Rising occupier interest and the absence of quality supply led the vacancy to decrease 100 bps q-o-q to 3.2% in the Connaught Place CBD and resulted in a 4.2% increase in rents in this micromarket, which remained popular thanks to its central location and proximity to government offices. The Peripheral Business District (PBD) of Gurgaon witnessed a flurry of leasing activity as tenants were lured by discounted rentals and abundant quality supply. Major deals completed in the district included Fidelity leasing 350,000 sf space in the BPTP Atlas IT Park along NH-8. Some 1.2 million sf of new space came on stream in the district in the third quarter, most of which was concentrated along NH-8 and DLF Cybercity, resulting in an increase in vacancy levels from 23.5% in the second quarter to 24.5% in the third quarter. Elsewhere, the Noida submarket witnessed a steady flow of leasing deals in SEZ spaces with the most notable transaction being Global Logic's leasing of a 200,000 sf unit in the Oxygen SEZ on the Noida-Greater Noida Expressway. A total of 590,000 sf of new supply came on stream in Noida during the review period but the steady rate of absorption which totaled approximately 575,000 sf resulted in a drop in vacancy from 40.5% in the second quarter to 38.4% in the third quarter. However, as the large quantum of new supply outstripped demand, most tenants were able to secure concessions from landlords, a trend which exerted downward pressure on rental values.

MARKET OUTLOOK

Despite the encouraging third quarter, the New Delhi office market remains somewhat vulnerable on account of the high vacancy and oversupply situation. However, as the local and global economies recover steadily, multinational companies are expected to continue to gradually increase their headcount, which bodes well for the leasing market in future quarters. In the months ahead, many companies will be looking for opportunities to renew and renegotiate leasing contracts signed during the peak of the market in 2007/2008. Among the various micromarkets, Gurgaon is expected to witness a lively leasing market, outstripping the CBD and Noida, where activity is expected to be more steady and stable. Developers are expected to adopt a cautious strategy towards future development projects due to the abundant supply situation in most suburban locations.

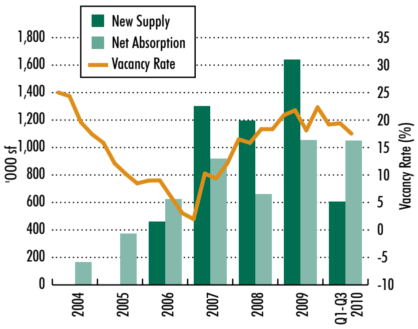
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
BPTP Atlas IT Park	Gurgaon	350,000	Fidelity Information Services
Oxygen SEZ	Noida	200,000	Global Logic
Vatika City Point	Gurgaon	17,000	Invista

INDIA
MUMBAI

"THE MARKET APPEARS TO BE FIRMING UP ON ACCOUNT OF THE GRADUAL INCREASE IN DEMAND"

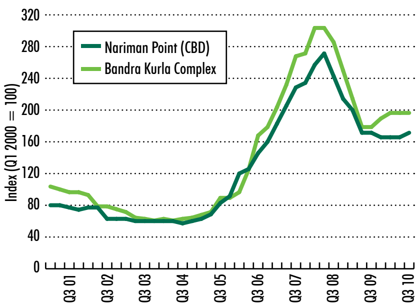
SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	400	205	95.1%
Net Absorption ('000 sf)	550	141	290%
Vacancy	17.5%	19.4%	-190 bps

Note: Include Nariman Point CBD, Bandra Kurla Complex, Lower Parel and Worli-Prabhadevi

GRADE A OFFICE RENTAL INDEX



RENT (INR PSF/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Nariman Point	300	3.5%	0.0%
Bandra Kurla Complex	275	0.0%	10.0%

The third quarter witnessed a slight revival in the Mumbai office market and the period saw the closure of a number of transactions. Whilst no new supply was added in the third quarter in the Central Business District (CBD), nor is expected to be introduced in the near term, approximately 15,000 sf of secondary stock was absorbed in the CBD of Nariman Point during the period and vacancy rate thus declined by 62 bps q-o-q to 10.6%. Rental values in the CBD increased by 3.5% q-o-q in the third quarter but a number of existing tenants in the micromarket continued to evaluate alternative locations in the Extended Business District (EBD) of Lower Parel and the Alternate Business District (ABD) of BKC, both of which offer good quality office space and infrastructure at relatively low rentals.

Landlords in the EBD of Lower Parel were seen to be offering aggressive rental discounts in order to quickly close leasing transactions, a trend which resulted in hefty absorption of 250,000 sf and a rental decline of 5.7% q-o-q. The quick rate of absorption led to a reduction in vacancy from 29.2% in the second quarter to 22.6% in the third quarter. In Worli – Prabhadevi, around 400,000 sf of new space came on stream during the period but absorption totaled just 35,000 sf, resulting in a big jump in the vacancy rate from 7.4% in the second quarter to 27.2% in the third quarter. Given the recovering demand in this micromarket, the new supply absorbed by the market in the third quarter was generally leased at higher rents on developers' high expectations, leading to a rise in rental values by about 4.0% q-o-q. Elsewhere, the ABD continued to enjoy robust activity as banks and financial institutions retained a strong appetite for office space in the area, resulting in the absorption of approximately 250,000 sf of space and the reduction of vacancy from 18.9% in the second quarter of 2010 to 13.0% in the third quarter of 2010. The submarket will see no fresh supply coming on stream until the second quarter of 2012. Rental values remained largely stable however with landlords seemingly content to attract tenants at current rental levels.

MARKET OUTLOOK

The Mumbai office market appears to be firming up in overall terms on account of the gradual increase in demand, which should result in rising rentals going forward. A number of deals presently under negotiation are expected to be completed in the near term and further leasing activity will be witnessed over the remainder of the year. Whilst the rise in tenant demand is expected to exert downward pressure on vacancy levels, this should be partially mitigated by the large amount of new supply scheduled to come on stream towards the end of the year.

MAJOR LEASING TRANSACTIONS

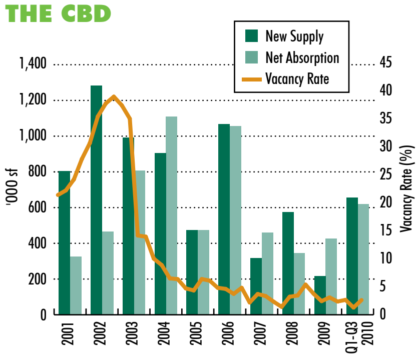
PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Maker Maxity	Bandra Kurla Complex	113,000	BNP Paribas
Platina	Bandra Kurla Complex	27,000	Schering Plough
Winchester	Powai	25,000	Aegon Religare

INDIA

BANGALORE

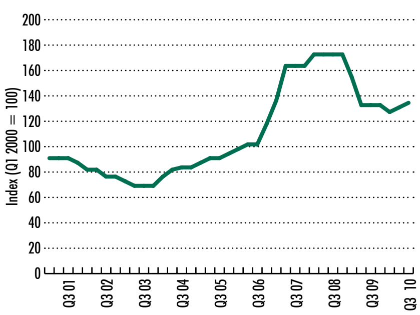
"THERE WAS A BIG JUMP IN ENQUIRIES FROM EXISTING OCCUPIERS AND NEW ENTRANTS"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE IN THE CBD



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	420	180	133%
Net Absorption ('000 sf)	307	280	9.6%
Vacancy	2.6%	1.2%	140 bps

GRADE A OFFICE RENTAL INDEX



RENT (INR PSF/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Bangalore	74	2.8%	1.4%

The Bangalore office market enjoyed an active third quarter of 2010 amidst a big jump in enquires from existing corporate occupiers and new market entrants. Overall rental values rose by around 2.8% q-o-q during the period as the Central Business District (CBD) comprising MG Road, Richmond Road and Residency Road saw the closure of a large number of medium-sized transactions. Absorption was approximately 307,000 sf while approximately 420,000 sf of fresh Grade A supply came on stream during the period.

Leasing activity in the Peripheral Business District (PBD) comprising the Outer Ring Road (ORR), Whitefield, Electronic City and North Bangalore continued to gather further momentum during the quarter. The ready availability of Grade A space coupled with affordable rents and flexible landlords continued to make the PBD a viable option for clients seeking large office space. The ORR in particular witnessed the closure of a significant number of transactions during the period and this micromarket is now emerging as a preferred destination for large domestic and international companies thanks to its good infrastructure, strong pipeline of Grade A supply and affordable rentals. The rise in demand in this submarket saw rents increase by almost 5% in the third quarter. Elsewhere, the oversupply situation in the Whitefield micromarket ensured that rentals remained under downward pressure and forced landlords to continue to be accommodative. A small number of large transactions were concluded in this submarket during the third quarter. In Electronic City, leasing activity remained subdued with no major transactions reported. Rental values remained stagnant and developers continued to be flexible with respect to commercial terms.

MARKET OUTLOOK

Following a very active third quarter it is expected that market activity will continue to improve in the coming few months. Whilst the CBD and the Outer Ring Road micromarkets should still witness high absorption with marginal increments in rentals in the next few months, the other more peripheral areas will remain largely stable. Looking further ahead, it is worth noting that the tax breaks for the Software Technology Park of India (STPI) scheme will expire on 31 March 2011 and thus will result in higher demand for space in Special Economic Zones in several peripheral micromarkets. These micromarkets are indeed attractive options for tenants due to their large quantum of Grade A space, relatively low rentals, rapidly improving infrastructure and good accessibility. Hence, it is anticipated that more companies will move from the CBD to the Extended Business District (EBD) of Indira Nagar and Koramangala.

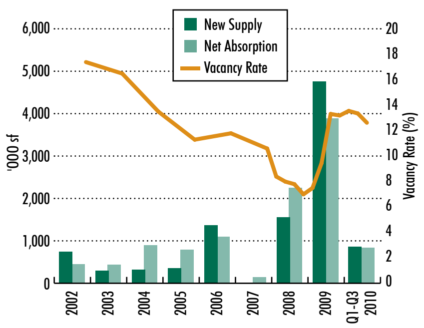
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Vaswani Centropolis	CBD	116,000	Swiss Re
IBC Golf View Homes	EBD	103,000	Volvo
First Technology Place	PBD	60,000	JPMorgan Chase

MALAYSIA
KUALA LUMPUR

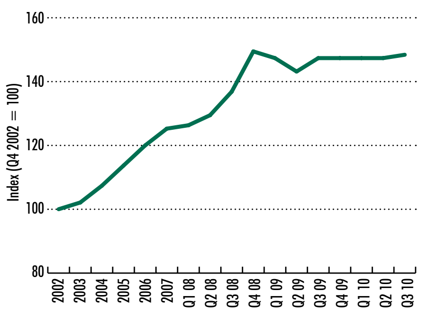
"THE PERIOD SAW LIMITED RENTAL GROWTH AND LANDLORDS WERE WILLING TO NEGOTIATE ON RENTS"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	0	602	n.a.
Net Absorption ('000 sf)	229	592	-61.4%
Vacancy	12.6%	13.4%	-70 bps

GRADE A OFFICE RENTAL INDEX



RENT (RM PSF/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Kuala Lumpur	7.1	0.7%	0.7%

The Kuala Lumpur office market continued to consolidate in the third quarter as businesses remained cautious given the uncertainty still surrounding the domestic and global economic recoveries and landlords continued to show a willingness to negotiate on rents and other benefits. Rents in prime Grade A office buildings remained flat at RM 7.1 psf/month (US$2.3 psf/month) and there have now been no significant rental adjustments since the third quarter of 2009. There was little sign of companies expanding during the period and net positive absorption decreased to about 230,000 sf, less than half of the level recorded in the second quarter. No new supply came on stream during the quarter and citywide vacancy fell by 70 bps to 12.6%. The vacancy rate within the CBD continued to drop, edging down to under 4% from just over 5% in the last quarter, while the vacancy rate in suburban areas tightened from 16.9% in the second quarter to 14.6% in the third quarter due to a steady flow of leasing activity in decentralised areas. A number of companies have shown a willingness to move out of the city centre primarily due to concerns about congestion and in order to achieve possible cost savings.

A small number of office buildings were transacted during the quarter. Deals included the RM 160 million (US$52 million) sale of the Menara PanGlobal office/hotel complex to Kwong Hing Group; the RM 91 million (US$29 million) sale of the Menara PKNS suburban office building to AmanahRaya REIT; and the RM 52 million (US$17 million) sale of the FSBM Plaza suburban office building to AmFirst REIT. Menara PanGlobal is a 38-storey building located on the outskirts of the Golden Triangle with 18 floors of office space with a net lettable area of around 250,000 sf and 70% occupancy. The building also has nine floors of hotel rooms operated by Pacific Regency and eight levels of parking space. It is expected that both the office and hotel components will be upgraded to enhance the building's competitiveness within the Golden Triangle. Other smaller scale office transactions during the quarter included the RM 38 million (US$12 million) sale of Wisma Goodyear in Petaling Jaya.

MARKET OUTLOOK

Domestic economic growth slowed to 8.9% y-o-y during the second quarter and is expected slow further in the second half of the year. Office demand looks set to remain muted and rapid business expansion seems unlikely, while as much as 1.7 million sf of new office space may be completed before the end of the year. Although it is possible some of these projects may be delayed, concerns about excessive short- and medium-term supply still remain. Select top-tier buildings may be able to protect and maintain their rental income but the majority of office buildings, especially those that are older or in secondary locations, will continue to struggle to maintain their current occupancy and rental rates.

During the third quarter it was announced that Abu Dhabi's Mubadala Development Co. will team up with 1Malaysia Development Bhd (1MD) to undertake the RM 26 billion (US$8.4 billion) KL International Financial District (KLIFD) project adjacent to the Golden Triangle. The 34-hectare site is expected to commence construction in mid-2011 and will add to the large quantum of supply scheduled to come on stream over the next few years, which is likely to intensify competition among landlords.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
GTower	Jalan Tun Razak	9,700	Al-Jazeera

PHILIPPINES
MANILA

"VACANCY DECLINED LARGELY ON THE BACK OF EXPANSION BY BPO COMPANIES"

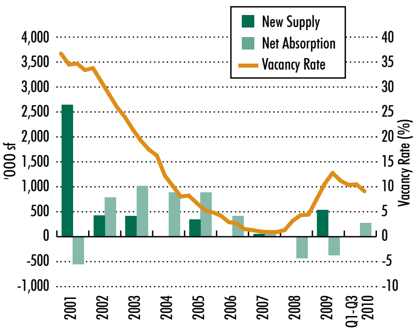
The Manila office market showed signs of a steady recovery in the third quarter with vacancy in major districts declining largely due to expansion by BPO companies. The trend saw the gradual occupation of excess office supply which came on stream in 2008 and subsequently found difficulty in securing tenants following the onset of the global economic downturn. Meanwhile the general lack of large blocks of contiguous office space currently available in the market forced some BPO companies to take up space in buildings which - although of good quality - were situated in comparatively inferior locations. Rent in the CBD fell during the period by 1.6% q-o-q to PHP 779 psm/month (US$1.7 psf/month) as landlords sought to remain competitive in order to attract tenants. Vacancy subsequently declined by 140 bps q-o-q to 9.2%.

Rents in the other micromarkets either edged up or remained stable during the third quarter. Demand in Fort Bonifacio remained strong with rents rising by 5.5% q-o-q to PHP 638 psm/month (US$1.4 psf/month). One new building providing 258,300 sf of space came on stream during the period and was fully occupied upon completion, leading to a fall in the overall vacancy rate in the district to 6.5% from the previous quarter's 7.6%. Rents in Quezon City increased by 1.5% q-o-q due to landlords in the UP-Ayala TechnoHub adjusting rent upwards, while vacancy in the district decreased 290 bps q-o-q to 9.8% from 12.7%. Alabang held steady with rents remaining at PHP 481 psm/month (US$1.0 psf/month) and vacancy declining by 390 bps q-o-q to 7.0%, reflecting companies' increasing interest in the district. Ortigas welcomed a total of 978,000 sf of new office space during the period and this large quantum of new supply pulled rents down by 4.1% q-o-q to PHP 532 psm/month (US$1.1 psf/month) and pushed up vacancy from 3.1% in the second quarter to 12.9% in the third quarter.

MARKET OUTLOOK

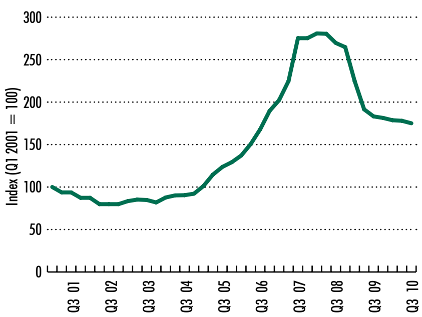
Companies operating in the BPO sector will continue to be the main driver in the Manila office market as they expand their presence in the country on the back of the positive economic outlook. Expansion in supporting services of the sector such as accounting, engineering and software development is expected to be faster than in the customer-related field. The growing demand from the BPO sector is likely to ensure that rents in the CBD will bottom out by year end. In Fort Bonifacio, where demand is picking up ahead of other districts, rents are likely to increase further. As demand recovers, developers are starting to explore the possibility of developing new buildings, particularly in Fort Bonifacio.

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE IN THE CBD



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	0	0	n.a.
Net Absorption ('000 sf)	178	-12	n.a.
Vacancy	9.2%	10.5%	-140 bps

GRADE A OFFICE RENTAL INDEX



RENT (PHP PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Makati CBD	779	-1.6%	-4.4%

MAJOR LEASING TRANSACTIONS

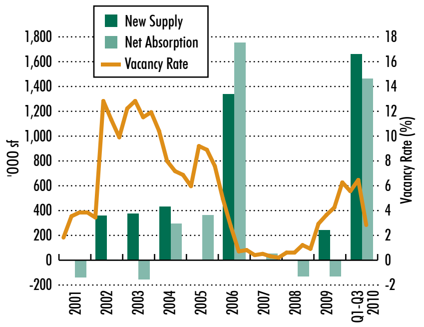
PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Eton Cyberpod Corinthian	Pasig	58,600	Northgate Arinso

SINGAPORE

SINGAPORE

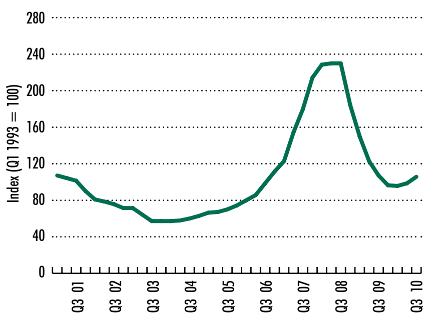
"OFFICE RENTS CONTINUED TO STRENGTHEN AFTER TURNING AROUND IN THE SECOND QUARTER"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	1,035	631	64.2%
Net Absorption ('000 sf)	1,264	160	689%
Vacancy	2.8%	6.4%	-360 bps

GRADE A OFFICE RENTAL INDEX



RENT (S$ PSF/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Singapore	7.4	7.2%	-1.3%

The Singapore office market remained active in the third quarter on the back of strong leasing momentum, and the period saw office rents continue to strengthen after turning around in the second quarter. Prime office rents grew 7.2% q-o-q to an average of S$7.4 psf/month (US$5.6 psf/month), up from S$6.9 psf/month in the previous quarter. The period saw the 1.04 million sf MBFC Tower 2 come on stream, and the addition of this new Grade A building brought total stock in the CBD to 8.2 million sf, comprising 13.1% of private office stock Islandwide. The building was fully let upon completion, a factor which contributed to the remarkable Grade A absorption of 1.26 million sf reported during the quarter, exceeding the aggregate of 209,300 sf recorded in the first half of the year. The Grade A vacancy rate consequently fell by 360 bps q-o-q to 2.8% from 6.4% in the previous quarter, with vacancy declining across all the major micromarkets. Vacancy in the Core CBD, Fringe CBD and Decentralised areas fell to 4.8%, 7.0% and 6.2% respectively, a significant improvement on the figures of 8.8%, 15.6% and 9.1% recorded in the third quarter of 2009.

Major leasing deals completed during the quarter were principally concentrated on new Grade A developments. Financial & banking institutions, legal firms, insurance and professional services companies remained the major source of occupier demand. Noteworthy deals included Clifford Chance pre-leasing 20,000 sf at MBFC Tower 3, bringing the pre-commitment level of the building to 58%, well ahead of its completion in the first half of 2012. Over at Asia Square Tower 1, leasing activity picked up significantly with deals signed by Bank Sarasin, Julius Baer and White & Case LLP. The review period also saw the governments of Malaysia and Singapore agree on a land swap programme. Four prime sites at the New Downtown at Marina South and two at Ophir-Rochor area will be developed by M-S Pte Ltd, a joint venture between Malaysian and Singapore government related companies. These sites look set to be the dominant contributor to CBD office supply post- 2014/2015.

MARKET OUTLOOK

Robust economic growth should ensure occupier demand remains strong for the remainder of the year and into 2011. A handful of occupiers are presently looking for large office space and anchor tenant deals are currently under negotiation at 50 Collyer Quay and Asia Square. Concerns over the large volume of secondary stock due to come on stream when major occupiers relocate to Marina Bay have largely dissipated as a consequence of deals signed in the past few months along with ongoing negotiations. In one notable example, Manulife leased some 100,000 sf at Plaza by the Park, in the process absorbing space due to be vacated by SCB next year.

The extraordinary level of leasing deals completed since the second half of 2009 has largely been due to pent-up demand, although it is possible that activity may ease back slightly in forthcoming quarters. Nonetheless overall sentiment remains positive with landlords and developers presently in a strong position and pushing up rents accordingly.

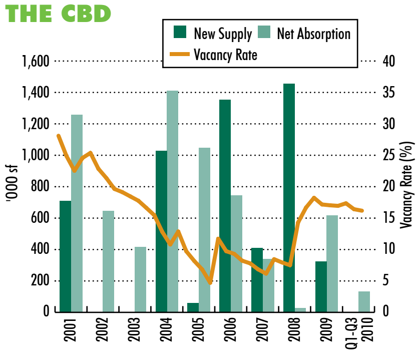
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
MBFC Tower 2	Marina Bay	89,000	BHP Billiton
Ocean Financial Centre	Raffles Place	58,000	BNP Paribas
MBFC Tower 3	Marina Bay	20,000	Clifford Chance

THAILAND
BANGKOK

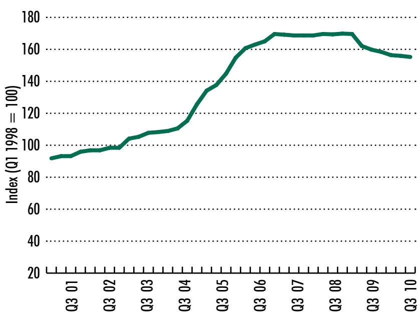
"OFFICE RENTS STABILISED AFTER SEVEN CONSECUTIVE QUARTERS OF CONTRACTION"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE IN THE CBD



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	0	0	n.a.
Net Absorption ('000 sf)	28	109	-74.1%
Vacancy (prime CBD)	16.2%	16.5%	-20 bps

GRADE A OFFICE RENTAL INDEX



RENT (THB PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Bangkok	680	0.0%	-2.0%

The Bangkok office market continued to recover in the third quarter on the back of improved business confidence in the Thai economy. The Business Sentiment Index (BSI) remained stable at 50.3 in August following the end of political protests, and a slight rise in business performance, industrial production and employment was recorded.

Prime office rents stabilised at THB 680 psm/month (US$2.1 psf/month) during the review period, ending seven consecutive quarterly declines. No new prime office supply came on stream during the quarter. Much of the absorption recorded during the period was attributable to an international bank relocating from a Grade B building to a Grade A office building. The vacancy rate fell 20 bps q-o-q to 16.2% and positive net absorption of 28,400 sf was recorded.

The period saw an increase in enquires from local and multinational companies looking to establish a presence in the city or expand their existing operations. The trend for multinationals looking to downsize their office space appears to now be in decline. One major expansionary leasing transaction during the period saw Nomad Offices commit to12,900 sf at Interchange 21 in Asoke.

MARKET OUTLOOK

Sathorn Square, which will provide 792,100 sf of new Grade A office space to the market, will be completed in the first quarter of 2011. Once Sathorn Square is completed, no new prime supply is scheduled to come on stream until the opening of the 290,600 sf Park Ventures in late 2011. This lack of new supply and signs of increasing demand for quality office space should ensure that overall occupancy rates bounce back over the next 18 months. Grade A office rents are expected to stay flat over the next six months and increase after that as the vacancy rate will fall. Business sentiment should continue to improve over the remainder of the year, with the Bank of Thailand projecting a BSI level of 56.7 in November.

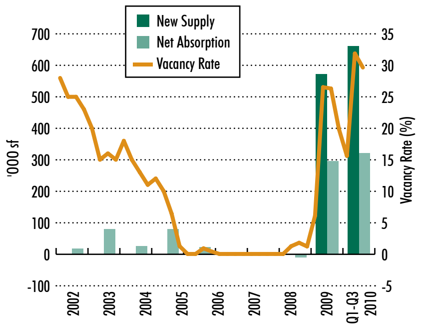
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Interchange 21	CBD	12,900	Nomad Offices
GPF Witthayu	CBD	7,700	DAI (Thailand)
Chamchuri Square	CBD	4,300	Hitachi Chemical

VIETNAM
HO CHI MINH CITY

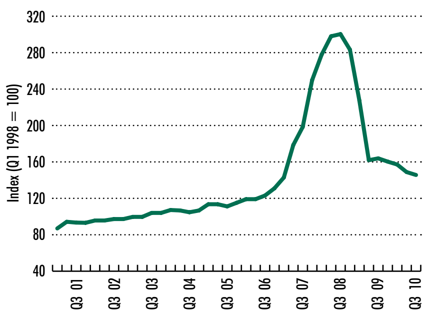
"LANDLORDS REDUCED RENTS TO SECURE TENANTS AMID FIERCE COMPETITION"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE IN THE CBD



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	0	654	n.a.
Net Absorption ('000 sf)	47	209	-77.4%
Vacancy	29.7%	31.9%	-220 bps

GRADE A OFFICE RENTAL INDEX



RENT (US$ PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
HCMC	36.7	-2.2%	-11.1%

The Ho Chi Minh prime office market softened slightly in the third quarter despite a sustained level of enquiries from tenants. Average Grade A rents underwent a further decline of 2.2% q-o-q to an average of US$36.7 psm/month (US$3.5 psf/month) as landlords of newly completed Grade A buildings reduced rents to attract tenants amid fierce competition from high quality Grade B buildings. Landlords of existing Grade A buildings focused on retaining their current anchor tenants and were determined to keep their occupancy rate above 80%.

Net absorption of Grade A office space totaled 47,000 sf of NLA during the third quarter, a fall of 77.4% q-o-q. Most space was taken up in Kumho Asiana Plaza and Centec Tower. Although no new Grade A office space came on stream during the quarter, the Grade A office market still had more than 500,000 sf NLA of vacant space available, mostly in the Vincom Center, which was completed in the second quarter. The Grade A vacancy rate thus decreased slightly from 31.9% in the previous quarter to 29.7% at the end of the third quarter. Diamond Plaza was the only Grade A building among the eight existing Grade A buildings tracked to report full occupancy during the review period. The Grade B and C segments remained active and the period witnessed a total of 256,000 sf of new space coming on stream in these segments as a result of the completion of eight new Grade C buildings. Net absorption in these segments amounted to 410,000 sf, reflecting sufficient demand to absorb the addition of new space.

MARKET OUTLOOK

The sustained wave of positive absorption is expected to result in total net absorption of 2.4 million sf to 2.7 million sf for 2010, exceeding the 5-year average annual net absorption of approximately 1.6 million sf. With the encouraging economic outlook and demand from education, financial and professional services industries continuing to rise, this positive trend is expected to continue for the next three years.

In terms of new supply, Bitexco Financial Tower is expected to come on stream in the final quarter of 2010 with asking rents of US$55 – US$70 psm/month (US$5.1 – 6.5 psf/month). Landlords are expected to become more flexible toward the end of the year and will compete not only on rents but also on incentives such as rental-free periods and discounted signage or parking. The average rent across all grades is therefore expected to be flat or decline in the short to medium term even though absorption is expected to continue to increase.

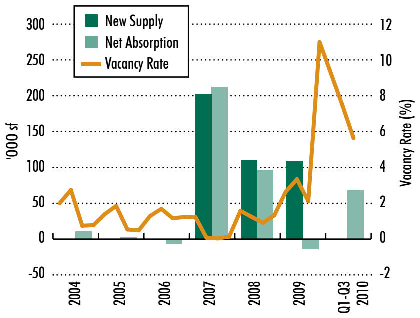
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Saigon Finance Centre	1	7,100	HSBC
Centec Tower	3	3,200	RLB
A&B Tower	1	1,700	HG Travel

VIETNAM
HANOI

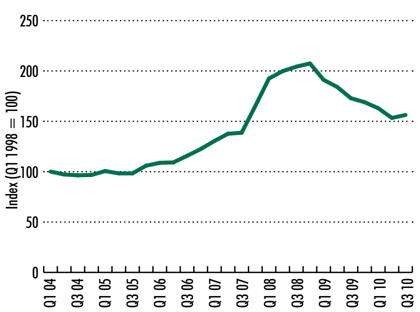
"RENTS GREW ON THE BACK OF THE SHORT TERM STABILISATION OF SUPPLY AND DEMAND"

SUPPLY, NET ABSORPTION AND VACANCY OF GRADE A OFFICE IN THE CBD



	Q3 2010	Q2 2010	q-o-q chg.
New Supply ('000 sf)	0	0	n.a.
Net Absorption ('000 sf)	23	22	6.6%
Vacancy	5.7%	7.5%	-190 bps

GRADE A OFFICE RENTAL INDEX



RENT (US$ PSM/MONTH)

	Q3 2010	q-o-q chg.	y-o-y chg.
Hanoi	40.4	1.9%	-9.6%

Grade A office rents in Hanoi recorded a mild improvement during the third quarter of 2010, rising 1.9% q-o-q to stand at US$40.4 psm/month (US$3.8 psf/month). Rents in Grade B buildings also grew steadily, edging upwards by 6.7% q-o-q to US$28.2 psm/month (US$2.6 psf/month). The ongoing economic recovery, growing confidence in the Vietnam market and the availability of better quality premises with larger floor plates offered at more realistic prices have ensured the steady growth in net absorption in each quarter so far this year, reflecting the short term stabilisation of supply and demand. Absorption in the third quarter totaled 230,000 sf for both Grade A & B buildings, of which take-up in Grade A premises was 23,400 sf and in Grade B premises was 207,000 sf. The positive absorption recorded in the Grade B segment was largely due to 196,000 sf taken up in Capital Tower.

No new supply was added this quarter but two recently completed buildings, the Grade A BIDV Tower and the Grade B Capital Tower, became fully operational in the CBD. Due to limited supply in the CBD, there were no major tenant moves and vacancy in Grade A and Grade B buildings thereby dropped further by 190 bps and 600 bps to 5.6% and 12.2% respectively. However, this reduction in the overall market vacancy rate is only temporary as new projects scheduled to come on stream in the fourth quarter will add 550,000 sf of new space to the market. The quantum of this new supply that will be absorbed by the end of the fourth quarter will indicate whether major foreign companies are willing to accept current rental levels.

MARKET OUTLOOK

The fourth quarter of 2010 and the first few months of 2011 will see the addition of several new Grade A office projects in the CBD and in the western districts, bringing a total of around 2.3 million sf to the market. It is likely that major pre-leasing agreements in new skyscrapers such as the Keangnam Hanoi Landmark Tower will be transacted at well below the average rental rate due to aggressive negotiations between tenants and landlords. Net effective rentals will be significantly reduced as landlords provide incentives such as lower rentals and longer rent free periods in order to lock in tenants leasing large spaces over longer terms.

Although the CBD remains the preferred location for many international service companies, many Japanese, Korean and upper-middle tier Vietnamese firms are increasingly choosing office locations in Midtown. The forthcoming completion of a number of new developments in the western submarkets may also encourage tenants to move west as these locations offer more leasing options, larger floor plates and comparatively better infrastructure. Demand from insurance, energy and telecommunications companies and banks is expected to contribute to the high Grade B office demand in Midtown in the coming years.

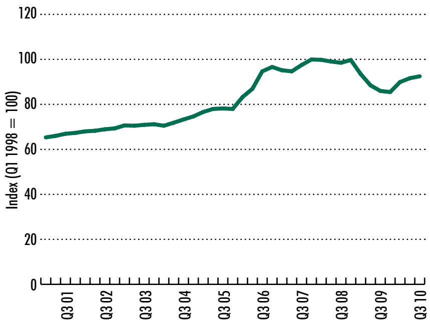
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
BIDV Tower	CBD	10,200	Prudential
Handi Resco	Midtown	2,400	Fubon Life Insurance

RETAIL MARKET SNAPSHOT

GREATER CHINA
BEIJING

PRIME RETAIL RENTAL INDEX



Retail sales growth in Beijing continued to accelerate in the third quarter, surging 17.2% y-o-y in August, a rise eclipsing the average growth rate of 16% y-o-y recorded in the first half of the year. The period saw a number of luxury brands including Louis Vuitton, Tiffany, Dior and Balenciaga revive expansion plans after two years of little activity. Also during the quarter, electronics companies Nokia, Blackberry and Sennheiser opened their first flagship stores in Beijing in EC Mall, Joy City Xidan and Joy City Chaoyang respectively. The upbeat demand boosted average ground floor rents by 0.9% q-o-q to RMB 32.4 psm/day (US$13.7 psf/month).

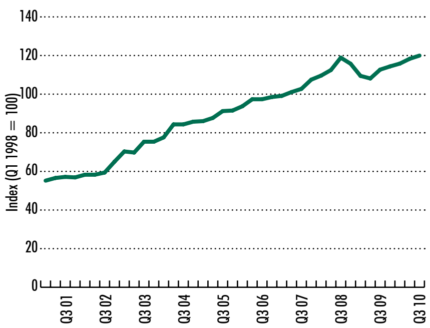
A number of new shopping centres opened during the review period including Taiyanggong Parkson, IFC Mall, CARE Grand Canyon and Dazhongsi Fashion Headquarters Store. The new additions provided a total of 2.6 million sf of new retail space to the market. Although a large quantity of space remained available in several new projects, other properties recorded significant declines in vacancy on the back of growing demand. A number of landlords including those at Yintai Parklife and Full Link Plaza were observed to be actively restructuring their tenant mix in an attempt to boost occupancy. Overall vacancy consequently dropped during the period by 120 bps to 9.6%.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
ECMall	Haidian	9,000	HOLA
Oriental Plaza	Dongcheng	3,500	Tangchengxiaochu
ECMall	Haidian	1,400	Lily

GREATER CHINA
SHANGHAI

PRIME RETAIL RENTAL INDEX



The Shanghai retail market continued to strengthen in the third quarter amid retail sales growth of 17.1% y-o-y in August and steadily improving consumer confidence. Prime rents for ground and first floor retail space recorded moderate growth of 1.4% q-o-q and 0.3% q-o-q respectively as international retailers remained active in the prime retail market. During the review period, Xintiandi III and The House of Roosevelt (Bund 27) came on stream, providing a total of 475,000 sf of new space to the market. Some of this space was taken up by international retailers including agnès b., which opened a flagship store in Xintiandi III, and Rolex, which occupied a 11,000 sf unit in Bund 27. The addition of the new supply meant the overall vacancy rate climbed marginally by 10 bps to 7.2%.

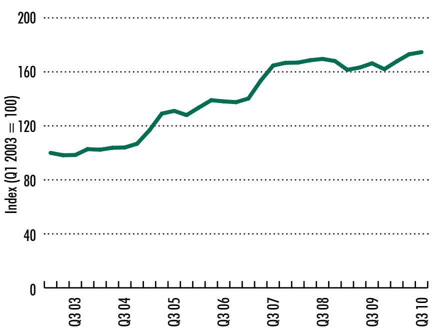
IFC Mall secured a number of luxury brands within the quarter including MCM, Bvlgari and Dior. Elsewhere, O'le occupied 38,000 sf in Grand Gateway while Swarovski launched a 3,200 sf flagship store in the Fairmont Peace Hotel. Apple opened its second store in the city in Hong Kong Plaza to coincide with the official launch of the iPhone 4 in China. Around 1.3 million sf of new space will be released before the end of 2010 but the current absorption rate should ensure market vacancy holds stable and rents record moderate growth.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Grand Gateway	Xujiahui	38,000	O'le
Hong Kong Plaza	Luwan	8,600	Apple
IFC Mall	Lujiazui	3,700	Bvlgari

GREATER CHINA GUANGZHOU

PRIME RETAIL RENTAL INDEX



The Guangzhou retail market continued to strengthen in the third quarter with total retail sales reaching RMB 318.2 billion for the first three quarters of 2010, a rise of 21.3% y-o-y. Underpinned by robust demand and strong net absorption, prime retail rents remained on an upward trend with rents for ground floor space rising by 0.9% q-o-q to RMB 50.1 psm/day (US$21.2 psf/month) and rents for first floor space stabilising at RMB 25.1 psm/day (US$10.6 psf/month). Vacancy edged down further by 60 bps to 10.2%, largely due to the absence of new completions and the efforts of several large shopping centres to actively secure new tenants to absorb vacant space.

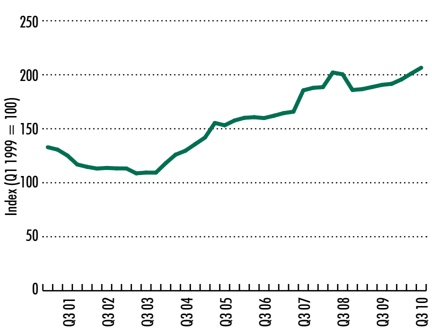
Retailers across all industries are keen to expand in Guangzhou but the major shopping malls prefer to secure leading international brands as tenants. During the period international cosmetics brand M.A.C opened its first store in Southern China at TeeMall whilst H&M launched its second store in the city at the nearby Grandview Mall. There has been no new supply so far in 2010 but the fourth quarter will see the opening of five new shopping centres, which may limit rental growth and put pressure on vacancy.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Grandview Mall	Tianhe	3,300	Novo
Grandview Mall	Tianhe	1,000	H&M
Gate 5 Mall	Baiyun	1,000 (pre-let)	H&M

GREATER CHINA HONG KONG

PRIME RETAIL RENTAL INDEX



The Hong Kong retail market enjoyed a buoyant third quarter as retail sales rose by 17.9% y-o-y to hit HK$210 billion for the January to August period. Retail spending was boosted by the positive wealth effect as a result of the soaring property market and the recovery in the stock market, as well as the continued influx of tourists from mainland China, which rose by nearly 30% y-o-y in August to the highest number ever recorded. International retailers and the banking sector were aggressive in bidding up rents for prime locations for new start-ups or business expansion with the expectation of taking advantage of improved consumer sentiment in the near term. Overall rents grew by 2.6% q-o-q to average HK$448 psf/month (US$57.7 psf/month) in the third quarter. Tsim Sha Tsui witnessed both the greatest annual and quarterly rental increases, rising 11.9% y-o-y and 4.6% q-o-q respectively to average HK$456 psf/month (US$58.8 psf/month)

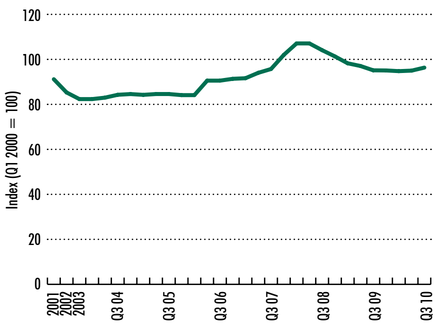
Major transactions completed in the quarter included US fashion retailer the GAP committing to space at the Luk Hoi Tung Building in Central, while German luxury leather goods brand MCM took up space currently occupied by local fashion label Episode at the nearby Entertainment Building.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Luk Hoi Tung Building	Central	13,500 (net)	GAP
Entertainment Building	Central	8,600 (gross)	MCM
Henry House	Causeway Bay	7,600 (net)	CSS Jewellery

GREATER CHINA
TAIPEI

PRIME RETAIL RENTAL INDEX



Consumer confidence in Taipei continued to strengthen in the third quarter and retail sales recorded stable growth. Market conditions encouraged landlords in prime locations to raise their asking rents as retailers were more willing to agree to a higher escalation rate. Average monthly rents for high street shops in Taipei increased 1.4% q-o-q to NT$4,314 psm (US$12.9 psf) during the review period. However, landlords of retail space in secondary locations found it difficult to secure tenants after raising their rental quotations in an attempt to capitalise on improved market sentiment.

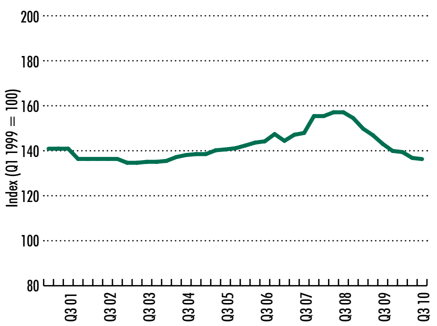
F&B retailers were highly active during the third quarter and displayed a keen interest in expanding existing concepts and launching new brands on the back of increasing consumer spending in the sector. During the quarter, Village Restaurant Group unveiled plans to launch a five-storey F&B facility, Urban 1, at the Nanjing East Road shopping area. The complex is scheduled to open in the fourth quarter of 2010 and is designed to cater to the needs of white-collar workers in nearby office districts. The period also saw the Yechun Teahouse, a famous restaurant chain originating from Yangzhou in China, open its first store outside the mainland at a 12,800 sf space in the CPCity Living Mall. Elsewhere, agnès b. launched two new agnès b. cafés in the Breeze Center and the Eslite Xinyi store.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Uni-Hankyu Department Store	Xinyi Planned Area	15,700	UNIQLO
CPCity Living Mall	Bade Road	12,800	Yechun Teahouse
Breeze Centre	Fuxing South Road	7,100	agnès b.

SINGAPORE
SINGAPORE

PRIME RETAIL RENTAL INDEX



Overall retail rents in Singapore continued to head south in the third quarter but the rate of decline narrowed to 0.4% q-o-q to S$26.2 psf/month (US$19.9 psf/month). Rents in Prime Orchard malls finally stabilised after seven consecutive quarters of contraction to stand at an average of S$31.1 psf/month (US$23.7 psf/month). Rents in suburban malls continued to strengthen, underpinned by strong catchment demand, rising 1.8% q-o-q to S$29.0 psf/month (US$22.1 psf/month). The difference in rentals between Prime Suburban and Prime Orchard space continued to shrink during the period. At the end of 2009 the gap stood at 13.2%, then subsequently fell to 12.6% and 8.2% in the first and second quarter of 2010 respectively, and finally reached 6.6% in the third quarter. The shrinkage is likely to continue over the next few quarters as rents in Orchard Road adjust to the recent wave of new supply as well as competition from the Integrated Resorts.

Recent quarters have seen more premium F&B outlets open for business and there continues to be a steady flow of leasing enquiries from overseas retailers. Fourth quarter retail sales are likely to enjoy a boost from the recent Formula 1 race and the year-end festival shopping season. Encouraged by high sales figures, growing GDP and increasing tourist arrivals, retailers are optimistic about the outlook for the remainder of 2010.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Resorts World Sentosa	Sentosa	9,000	Candylicious
City Square Mall	City Fringe	5,700	Elan School
Orchard Hotel	Orchard	5,600	Silk

JAPAN
TOKYO

"RENTS ARE LIKELY TO FLUCTUATE GOING FORWARD"

The Tokyo retail market turned more active across its various submarkets in the third quarter. Rents in the high-end Ginza district appeared to bottom out and vacant space was starting to be filled up thanks to a recovery in demand from tenants looking to open new shops, combined with the fact that building owners in the area have begun to relax their leasing conditions. In Shinjuku, retail demand remained robust and the relatively small amount of available space was quickly snapped up by new tenants, a trend which encouraged landlords to ask for higher rents. Rents in Omotesando and Harajuku also remained firm.

Demand for luxury brands remained sluggish, however, with consumers seeming to prefer brands with strong price appeal, such as those in the fast fashion segment. Major new openings during the third quarter included kitson in Omotesando (3,300 sf), Reed Krakoff in Minamiaoyama (2,800 sf) and Topshop in Shinjuku (10,800 sf). Elsewhere, Forever 21 was reported to be on the verge of taking up a 43,100 sf space previously occupied by HMV in Shibuya. Despite the brighter overall picture, rents have not yet reached the bottom and are likely to fluctuate going forward in step with changes in market conditions amidst weaker consumer confidence and slowing retail sales growth.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Takagi Building	Shibuya	43,100	Forever 21
Keio Frente Shinjuku 3 Chome	Shinjuku	10,100	collect point
Kitson OMOTESANDO	Omotesando	3,300	kitson

SOUTH KOREA
SEOUL

"INTERNATIONAL AND DOMESTIC FAST FASHION RETAILERS EXPANDED THEIR OPERATIONS"

The Seoul retail market weakened slightly in the third quarter as consumer sentiment was partially dampenedt by inflation. The Consumer Sentiment Index fell from 112 in June to 109 in September while the Consumer Price Index (CPI) jumped to 118 in September from 116 in June, although the government preemptively raised the benchmark rate by 25 bps in July to rein in expected inflation.

Despite the discouraging economic news, the battle for consumers continued to heat up in the third quarter, especially in the fast fashion segment, and period saw both international and domestic fast fashion retailers expand their operations. H&M opened its second major store in Myeong-dong in September, taking up a 16,100 sf unit. The Swedish retailer also announced plans to open its third store in Seoul in 2011 at IFC in the YBD. Elsewhere, Zara opened its twentieth store in Seoul at a 18,300 sf space in Gangnam while domestic brand MIXXO expanded into the same area. The quarter saw the opening of the Raekins Mall, a 1.8 million sf multi-purpose western style shopping mall situated next to KINTEX in Ilsan. The mall has proven to be highly popular among retailers and was almost 100% leased at its opening. Tenants include a Hyundai department store, HomePlus and Megabox cinema.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Namseoul Building, Seocho-gu	Gangnam	18,300	Zara
33-12 Myeongdong 2-ga, Jung-gu	Myeongdong	16,100	H&M
1305-8 Seocho-dong, Seocho-gu	Gangnam	N/A	MIXXO

INDIA

NEW DELHI

"GRADE A RETAIL PREMISES ENJOYED STEADY RENTAL INCREASES DURING THE PERIOD"

The New Delhi retail market continued to improve in the third quarter as the economy and stock markets strengthened and companies increased headcounts and wages. Consumers returned to high streets and malls with a renewed vigor and the city's Grade A retail market enjoyed steady rental increases during the review period. The Khan submarket recorded the largest rental rise of 10% q-o-q due to its limited supply and catchment demand. Innovative rental schemes such as minimum guarantees & revenue shares and staggered rents, which were originally implemented in the wake of the market downturn beginning in 2008/2009, continue to be the norm in both prime and Grade B shopping malls in the city.

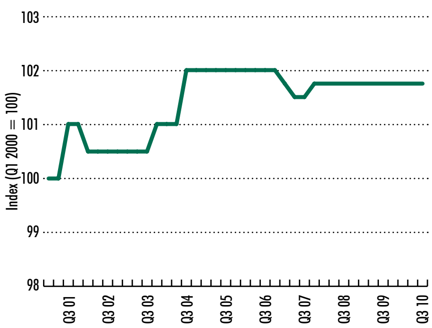
A number of organised retail developments in West Delhi and Gurgaon are scheduled to be completed by the end of 2010. Elsewhere, retail projects which were earlier delayed or shelved due to the global economic downturn have been revived. International brands were actively opening new stores during the third quarter, although most are proceeding cautiously. Jack & Jones, Only, Forever 21, Diesel and Ecko launched their first stores in the city during the period, while Adolfo Dominguez, Chili's and Gloria Jean's Coffee reportedly intend to set up shops within the next few quarters.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
DLF Promenade	Vasant Kunj	6,600	Esprit
Select Citywalk	Saket	2,500	Chicco

SOUTH EAST ASIA

BANGKOK PRIME RETAIL RENTAL INDEX

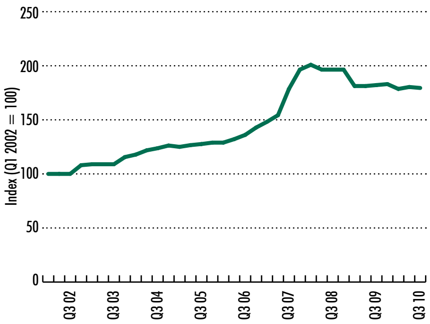


BANGKOK, THAILAND

The Bangkok retail sector displayed a marked improvement in the third quarter on the back of the positive economic outlook. The Retail Sales Index increased to 162.9 in July from an average of 157.7 in the second quarter while the Consumer Confidence Index (CCI) continued to post steady gains, rising from 79.3 in July to 80.8 in August. Overall occupancy rates bounced back during the period, largely thanks to the re-opening of roughly 80% of the retail outlets in the Central World mall in Ratchapasong, which partly burnt down in May during the political unrest. It is expected that the Atrium Zone and Zen department store components of the mall will re-open in November 2010 and be rebuilt in August 2011 respectively.

No new prime retail supply came on stream during the quarter but two new small shopping centres in the downtown area, The 91,500 sf City Viva and the 33,500 sf Portico, are expected to be completed shortly. Elsewhere, completion of the 107,700 sf extension to the Platinum Fashion Mall in the Pratunam area, the largest downtown shopping centre currently under construction, was postponed until the beginning of next year. Due to the limited prime retail supply and steadily increasing consumer spending on the back of improved market confidence, prime retail rents are expected to increase over the course of the next 18 months.

MANILA PRIME RETAIL RENTAL INDEX

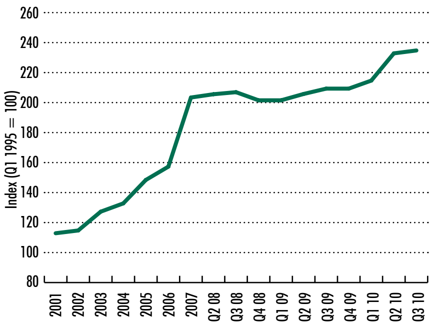


MANILA, PHILIPPINES

The strong overall macroeconomic environment continued to support retail sales in Manila during the third quarter and the period saw strong remittances from overseas Filipinos, which increased 7.4 % y-o-y in the first eight months of the year. Although sales volume during the period was high, sales value was not as strong as retailers generally offered their merchandise at a discount in order to clear current inventory and make room for new merchandise to be sold during the forthcoming Christmas holiday shopping season. Rents in major retail centres in Manila therefore remained relatively stable during the period as landlords usually make their margins through the percentage of sales component of lease agreements.

Supermarket openings were particularly active during the period thanks to the rapidly expanding residential market. On average at least one new supermarket opens every month within the greater metropolitan area of Manila. The period also saw several shopping malls renovate and refit their facilities to prepare for the holiday shopping season, whilst others rushed to complete expansionary plans ahead of the busy pre-Christmas period. Despite a rise in the availability of new retail space, vacancy in major shopping malls remained within single digit levels on the back of higher demand.

KUALA LUMPUR PRIME RETAIL RENTAL INDEX



KUALA LUMPUR, MALAYSIA

Retail sales and consumer sentiment in Kuala Lumpur remained healthy during the third quarter but retailers continued to exercise caution when considering expansion. Rents stabilised at RM 38.9 psf/month (US$12.6 psf/month), a marginal rise of 0.8% q-o-q. The slight increase came as a number of leading retail centres including Suria KLCC, Pavilion KL, Sunway Pyramid and Mid Valley Megamall marked up their rents after rental reviews earlier this year, while some centres also revised their tenant mix. The most significant rental change occurred at Suria KLCC, where top prime rents reached RM 107 psf/month (US$34.7 psf/month) compared to RM 105 psf/month in the previous quarter, a rise of 1.9% q-o-q. Vacancy rates continued to edge down slightly during the review period, with the vacancy rate for retail centres within the city centre registering 7.5% compared to 5.3% for the overall Klang Valley.

The period saw the opening of the re-positioned fahrenheit88, which was formerly known as KL Plaza. Japanese casual wear brand UNIQLO opened its first store in Malaysia at the mall, while Signature IT, a one-stop digital centre, is also a major tenant. Also during the review period, several major development schemes were unveiled by the government, some of which may benefit the city's retail sector. The Budget 2011 included plans for a 100-storey tower, which is expected to include some retail space, to be built as part of the Warisan Merdeka redevelopment. There are also plans to build a number of covered elevated pedestrian walkways in the city-centre, linking KLCC with Pavilion KL, Berjaya Times Square and other key developments to facilitate pedestrian flow and create synergy.

HO CHI MINH CITY, VIETNAM

The Ho Chi Minh City retail sector continued to pick up in the third quarter, underpinned by strong consumer demand. Retail sales in the first nine months of 2010 rose sharply by 31.2% y-o-y. Rents in department stores and most shopping centres remained unchanged at US$121.1 psm/month (US$11.3 psf/month) on average, although Vincom Center and Zen raised their rents slightly during the period. The quarter saw a steady flow of predominantly Southeast Asian companies in the fashion, F&B and restaurant sectors actively looking to establish a presence in the Vietnamese market. The CBD continued to be the preferred location for these new to market tenants and landlords in the area were therefore in a strong position to demand higher rents, even for renewal contracts.

July saw the 258,000 sf GFA Lotte Mart Phu Tho open in District 11 following a delay of nine months. The mall revised its previously planned layout by moving the supermarket to the first and second floors and leasing ground floor space to more lucrative perfume, cosmetics, jewellery, and fashion retailers. The high rate of net absorption witnessed during the period was strong enough to absorb the addition of a significant quantum of new retail space in the quarter, a trend which dragged overall vacancy down by 130 bps q-o-q to 6.8%.

As retailers prepare for the Christmas shopping season, demand for retail space, particularly in the CBD, is expected to remain strong. The overall vacancy rate is therefore likely to remain under 10% in the fourth quarter. The strong retail demand backed by economic growth and increasing interest in the Vietnam retail market from companies operating in neighbouring countries is expected to continue to support rental growth in the medium term. However, the short-term appreciation of rents may be limited in light of a number of new shopping centres scheduled to come on stream in the CBD and District 7 in coming quarters. These include Bitexco Financial Tower in District 1 and Crescent Mall in District 7, while the renovation of Zen Plaza on Nguyen Trai Street in District 1 is also expected to be completed in November.

HANOI, VIETNAM

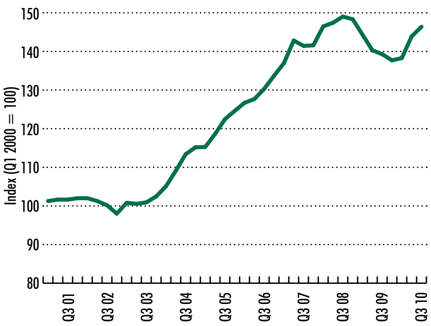
The Hanoi retail market continued to gather momentum in the third quarter with retail sales increasing by more than 30% y-o-y for the first nine months of 2010. Monthly rental rates for ground floor space in the CBD remained stable at an average of US$55.5 psm/month (US$5.2 psf/month) due to near full occupancy recorded at major retail centres. Average monthly rents outside the CBD posted a notable increase of 6.6% q-o-q to US$38.1 psm (US$3.5 psf/month). The period saw the opening of Grand Plaza (99,000 sf NLA) and Hapro Shopping Centre (18,300 sf NLA). The new additions to the market resulted in an increase of 14.4% y-o-y in total retail supply.

International fashion brands including Gucci, Milano, Moschino and BCBG Maxzaria and F&B retailers such as Yogen Fruz continued to expand across the city during the quarter. Several new retail development trends were observed during the period including the implementation of strata-titled ownership in Hang Da market and Grand Plaza, and the refitting of traditional markets into modern commercial centres, of which Hang Da market is a prime example. The development of large scale multi-functional shopping centres providing a one-stop shopping and entertainment experience is another growing trend. Looking ahead, new shopping centres will be highly concentrated in non-CBD areas and shopping mall operators will need to differentiate themselves by introducing new brands and services to attract a solid customer base.

INDUSTRIAL MARKET SNAPSHOT

GREATER CHINA
BEIJING

INDUSTRIAL PROPERTY RENTAL INDEX



Industrial output in Beijing experienced a marginal slowdown in the third quarter of 2010. The industrial property sector remained resilient, however, with growing demand and the continuous lack of new supply supporting a 2.4% q-o-q rise in the average rent for logistics property, which stood at RMB 28.8 psm/month (US$0.4 psf/month) during the third quarter. Average factory and R&D office rentals increased by 0.3% and 2.1% q-o-q respectively. Most major prime logistics properties recorded nearly full occupancy during the period. The average industrial land price reversed its recent upward trend and fell slightly by 2.0% q-o-q to RMB 1,384 psm (US$19.2 psf) as the government lowered prices in the Beijing Economic-Technological Development Area to attract investment from electronics manufacturers.

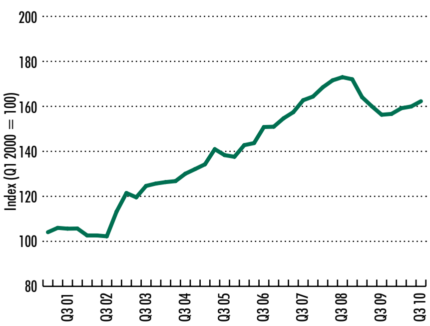
The quarter witnessed strong leasing demand from manufacturing companies and third-party logistics firms. Several new industrial properties are expected to launch during the fourth quarter of 2010 and the early months of 2011. However, given the large number of tenants currently seeking industrial space in Beijing, the limited quantum of new supply will be insufficient to meet demand and market rents will inevitably rise, particularly in the major hotspots such as Beijing Airport Logistics Park and Beijing Electronic Zone.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
AMB Beijing Capital Airport Distribution Center	Shunyi	64,600	Baichuan
GLP Park Beijing Airport	Shunyi	64,600	Haisile
GLP Park Beijing Airport	Shunyi	64,600	Brush

GREATER CHINA
SHANGHAI

INDUSTRIAL PROPERTY RENTAL INDEX



The Shanghai industrial market recorded steady growth in the third quarter of 2010 with industrial output and exports expanding by 25.1% and 32.3% respectively in the first nine months of the year. The positive market sentiment encouraged occupiers to actively take up industrial space and the period saw average factory rents in major industrial parks in Shanghai increase by 4.5% q-o-q, while average rents for warehouse space increased 1%. The period also saw steady leasing activity in business parks, especially in the Caohejing and Zhangjiang areas. Notable transactions included EVOC leasing 183,000 sf in the Caohejing Hi-tech Park. The vacancy rate for business parks decreased 420 bps while average rents increased slightly by 0.8% q-o-q. The average industrial land price remained stable despite the sizable quantity of industrial plots transacted during the quarter.

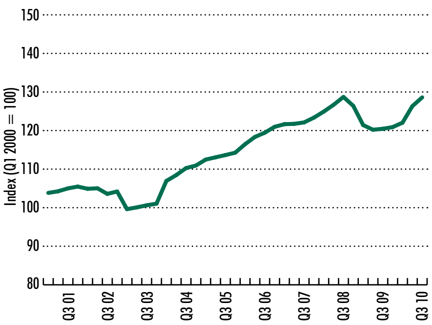
The Hongqiao Transportation Hub became operational during the third quarter and will improve connectivity in the Greater Hongqiao area, providing logistics and business parks in the vicinity with a major boost. Whilst the further appreciation of the RMB may have a negative impact on the domestic industrial market, increasing demand for logistics property combined with the lack of space should exert upwards pressure on warehouse rents in Shanghai over the remainder of 2010.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Caohejing Hi-tech Park	Xuhui	183,000	EVOC
Taopu Logistic Park	Putuo	57,100	Hitachi
SPSP phase 3	Pudong	32,300	Barclays GRB

GREATER CHINA
GUANGZHOU

INDUSTRIAL PROPERTY RENTAL INDEX



The total value of Guangzhou exports continued to grow rapidly in the third quarter, increasing by 34.3% y-o-y for the first three quarter of 2010 while the total industrial output of large-scale enterprises surged 21.2% y-o-y during the same period. The quarter continued to witness strong demand for logistics space in Guangzhou, driving the average rent for prime logistics facilities upwards by 3.6% q-o-q to RMB 26.3 psm/month (US$0.4 psf/month), a similar rate of growth to that recorded in the previous quarter. However, average rents for factories and R&D facilities showed signs of slackening due to ample supply. Rents for factories increased slightly by 0.4% q-o-q while rents for R&D facilities remained stable.

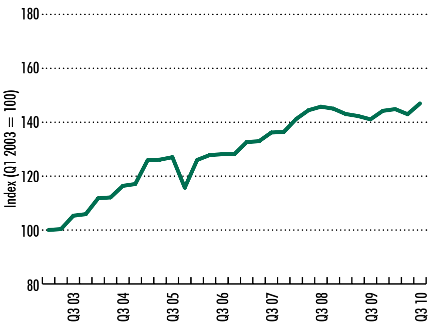
Manufacturers began to expand and rapidly took up prime logistics space, leading to a substantial fall in the vacancy rate in logistics properties and a rise in rental rates. Two manufacturing enterprises secured 64,600 sf and 32,300 sf of storage space respectively in the AMB Guangzhou Development Zone Distribution centre. Industrial land values remained flat at an average of RMB 464.6 psm (US$6.5 psf). Seven industrial plots totalling 1.7 million sf were transferred in the Guangzhou Development Zone at an average land price of approximately RMB 600 psm (US$8.3 psf).

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
AMB Guangzhou Development Zone Distribution Centre	East Zone of Guangzhou Development District	64,600	An auto parts manufacturer
AMB Guangzhou Development Zone Distribution Centre	East Zone of Guangzhou Development District	32,300	An electronic manufacturer

GREATER CHINA
CHENGDU

INDUSTRIAL PROPERTY RENTAL INDEX



Steady industrial growth ensured that vacancy in existing logistics facilities continued to decline, a trend which encouraged landlords to adopt a bullish attitude. Average rents for warehouses surged 8.1% q-o-q to a historical high of RMB 19.5 psm/month (US$0.3 psf/month). The business park market in the southern part of the city started to gain some momentum during the quarter thanks to the opening of the metro line 1, which drove up the average rent for R&D facilities by 1.24% q-o-q to RMB 38.2 psm/month (US$0.5 psf/month). Factory rentals and industrial land prices remained stable at RMB 13.6 psm/month (US$0.2 psf/month) and RMB 482.8 psm (US$6.7 psf) respectively.

During the quarter Dell announced plans to open a second major China operations centre next year in High-Tech West Zone with manufacturing, sales and service platforms to support the rapid growth of the company's business in western China. Elsewhere, Singapore and Sichuan Province signed an MOU for the development of the Singapore-Sichuan Hi-Tech Innovation Park in Gaoxin District. The park will integrate modern manufacturing, modern services and modern living facilities. Other new facilities set to come on stream in coming quarters include Blogis's Longquan project and Zenith's Airport Logistics Park, both of which have reported steady pre-leasing activity on the back of solid demand from retailers and third party logistics firms.

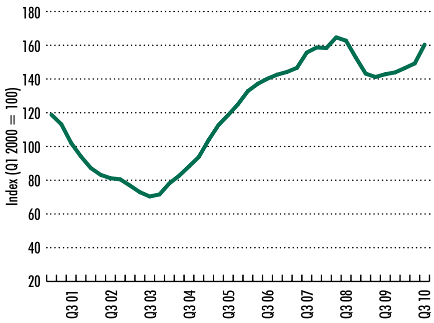
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Tianfu Software Park	Gaoxin	N/A	ANZ
Tianfu Software Park	Gaoxin	N/A	Mediatek

GREATER CHINA

HONG KONG

FACTORY RENTAL INDEX



The Hong Kong industrial market enjoyed a buoyant third quarter on the back of the strong recovery of global trade. Exports surged 36% y-o-y to total HK$290 billion (US$37.4 million) in August, the highest increase recorded for 18 years. The steady rebound in trade flow boosted leasing demand for factory and warehouse space and resulted in rental growth of 4.1% and 3.2% q-o-q respectively. A large quantum of industrial space in the New Territories that had been sitting vacant for some time was taken up during the quarter.

During the quarter it emerged that the Town Planning Board was considering rezoning up to 29.5 hectares of industrial and commercial land for residential use in response to strong demand for residential property. Investors who had planned to convert old industrial buildings to office use are expected to take advantage of the opportunity to gain a higher yield return by switching plans and instead pursuing residential redevelopment. In September a total of 23 applications were submitted for wholesale conversion compared to 14 applications in June. The redevelopment potential for older industrial buildings coupled with the relatively high yield of around 5% to 6% continued to attract investor interest during the period, leading to an increase in the capital value of warehouses and factories by 6.3% and 4.9% q-o-q respectively.

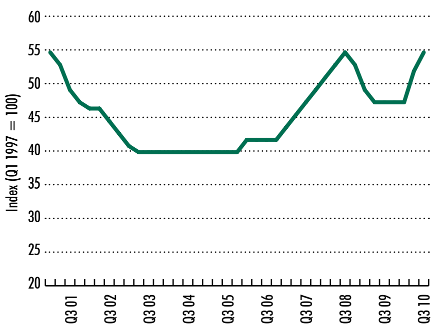
MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Mita Centre	Kwai Chung	27,400	Bel International Logistics Limited
Cargo Consolidation Complex	Kwai Chung	18,000	Extrans International (HK) Limited
Global Gateway	Tsuen Wan	16,700	Multi Express Management Limited

SINGAPORE

SINGAPORE

FACTORY RENTAL INDEX



The Singapore industrial market continued to steadily expand in the third quarter as manufacturers remained upbeat about the market outlook, although both economic growth and manufacturing output grew at a slower pace compared to previous quarters. Factories and warehouses witnessed a slower pace of rental growth this quarter. The average monthly rent for ground floor and upper floor factory space rose by 6.5% q-o-q and 4% q-o-q respectively, while the average monthly rent for ground floor and upper floor warehouse space increased by 3.3% q-o-q and 4.3% q-o-q respectively. Rents for high-tech space remained stable for the second consecutive quarter as demand from office tenants moving to hi-tech buildings to capture rental savings diminished.

The period saw a noticeable increase in investors interested in acquiring industrial property. One notable transaction of this type saw 29A International Business Park change hands for S$145 million (US$110 million). Industrial REITs were also active in the market. Rents for factories should continue to rise at a less rapid pace over the remainder of 2010 as demand begins to moderate. In contrast, rents for warehouse space are expected to continue to rise steadily, driven by healthy demand from companies looking to use Singapore as a platform to expand across the rest of the region.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
Admirax	North	17,600	Avalon

JAPAN
TOKYO

"DEMAND FOR LARGE FACILITIES IS PICKING UP BUT RENTS ARE EXPECTED TO WEAKEN"

The third quarter saw significant absorption of industrial space in Tokyo despite the fact that export and industrial production output grew at a slower pace due to the strong yen. The average vacancy rate for large logistics facilities in areas around Tokyo fell by 160 bps q-o-q to 13.7% during the period. Large volume of vacant space was occupied and few tenants left their existing facilities. Logistics companies accounted for the bulk of leasing activity. Hitachi Collabonext Transport System leased 327,500 sf in ProLogis Parc Kawajima while Sagawa Global Logistics occupied 146,000 sf in Yokohama Logistics Park. Food, apparel, and mail-order companies were also active.

There will be no new supply over the remainder of 2010 although demand for relatively newer facilities remains solid. It will be some time before there is a full-scale recovery in capital spending by the corporate sector and there are worries that a contraction will prompt lease cancellations or the downsizing of space in existing facilities. Nevertheless, supported by improvements in the supply and demand balance, landlords intend to raise rents in future quarters. However, tenants will continue to push for lower rates because of the uncertain economic environment. Rents are therefore expected to be weak going forward and this trend is expected to continue for some time amid the sluggish economic recovery.

MAJOR LEASING TRANSACTIONS

PROPERTY	DISTRICT	APPROX. SIZE (SF)	TENANT
ProLogis Parc Kawajima	Hiki gun, Saitama	327,500	Hitachi Collabonext Transport System
Higashi-Ogishima Distribution Centre	Kawasaki city, Kanagawa	198,100	VL Loginet
Yokohama Logistics Park	Yokohama city, Kanagawa	146,000	Sagawa Global Logistics

SOUTH EAST ASIA

BANGKOK, THAILAND

The Bangkok industrial sector enjoyed a strong start to the second half of 2010 as FDI in the manufacturing sector continued to increase. The value of foreign investment applications filed for the Thai Board of Investment's (BOI) promotional privileges surged by 43.2% y-o-y to THB 122 billion in the first eight months of 2010, while the total value of foreign investment projects approved by the BOI increased 186% y-o-y to THB 184 billion in the same period.

The quarter witnessed strong growth in the automotive sector, a trend that was a major factor contributing to the largely positive investment sentiment. Ford, Toyota, Mitsubishi and Nissan all announced plans to expand their existing operations in Thailand while Suzuki is building a new factory. The expansion of this sector is also creating leasing demand for ready-built factories from small suppliers to the auto-parts industry.

The quarter also witnessed a notable acquisition by Hemaraj, the listed industrial estate developer, which acquired 75% of the shares in SIL Industrial Land (SIL) and Rayong Industrial Land (RIL) from Siam Cement PLC for THB 764 million. The two companies own two industrial estates with a total area of 2,823 acres.

MANILA, PHILIPPINES

The Manila industrial market continued to recover steadily in the third quarter amid improving export growth and increasing demand for manufactured goods. The production of electronic components, clothing and apparel, coconut oil and wiring sets expanded steadily during the period and constituted the main driver of export growth. Industrial rents have remained steady for six consecutive quarters as demand grows for suitable industrial space, particularly in the Clark and Subic Freeport zones. Demand in other industrial parks remained weak during the third quarter, however.

The upbeat economic outlook encouraged foreign companies to establish operations in prime industrial zones, particularly in the Clark Freeport Zone. Phoenix Semiconductors Philippines Inc., a company which is majority owned by STS of Korea, signed an agreement to occupy 15 hectares of industrial space in the zone and is currently constructing a manufacturing plant on the site. The general outlook for the Manila industrial property market remains positive as manufacturing activity reverts to normal along with the global economic recovery.

HO CHI MINH CITY, VIETNAM

The Ho Chi Minh City industrial market continued to recover steadily in the third quarter with industrial output and exports increasing by 13.9% y-o-y and 10.7% y-o-y respectively in the first nine months of 2010. A total of 65 FDI projects operating in the city raised their investment capital to US$169 million in the first nine months of the year, with small and medium sized foreign companies in manufacturing, industrial, service and retail sectors comprising the bulk of investment. Leasing enquiries tended to be larger sized requirements from companies operating in the coffee, beverage, electrical components and garment industries, although the number of enquiries was slightly down on the previous quarter.

During the period the government granted approval for several industrial parks to begin construction while some industrial parks located in provinces surrounding Ho Chi Minh City also commenced development. Examples of the latter included Dong Nai Food & Industry Corporation beginning construction of a US$100 million industrial park located in Dong Nai Province. The project will provide 2,000 hectares of industrial space for five industries including husbandry, cultivation, food processing, high tech agricultural and trading. Phase 1 of the project is expected to be completed in 2013. The period also saw the groundbreaking of the expansion phase of Tan Kim Industrial Park, which will provide industrial space targeting the garment, wood, and cosmetics manufacturing industries.

HANOI, VIETNAM

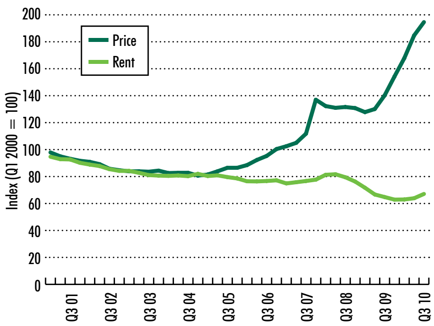
Hanoi attracted 229 FDI projects worth a total of US$329.2 million in the first nine months of 2010 as the economy continued to recover, with exports and industrial output increasing by 34.9% y-o-y and 13.8% y-o-y respectively. FDI per project continued to improve, reaching US$1.5 million in the first nine months of 2010. The third quarter saw rising demand for industrial space as foreign companies eyed locations in Hanoi and the northern provinces for further expansion. Notable transactions included South Korean company Keoann Interactive signing an MOU with Song Da Infrastructure Construction JSC to lease 100 hectares of industrial land in Yen Phong II IP in Bac Ninh Province.

Vietnam's first supporting industrial park was approved by the government during the review period and will provide 488 hectares in South Hanoi. The park aims to attract companies in the garments & textile, footwear, machinery, computer electronics and automobile manufacturing and assembly industries. Other significant developments included the groundbreaking of the Mapletree Bac Ninh Logistics Park. This is Mapletree's first logistics park in North Vietnam and will provide around 3.3 million sf of modern logistics space in Bac Ninh Province. Elsewhere, six new projects with a total investment capital of over US$200 million were initiated at the Hoa Lac Hi-Tech Park.

LUXURY RESIDENTIAL MARKET SNAPSHOT

GREATER CHINA
BEIJING

LUXURY RESIDENTIAL RENTAL AND PRICE INDICES

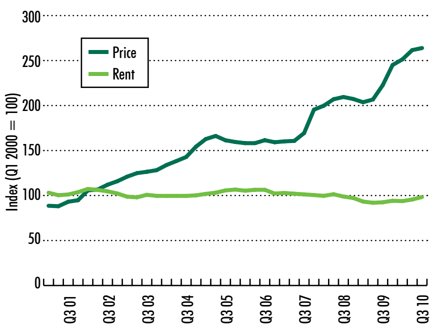


The luxury apartment market in Beijing showed some signs of levelling off in the third quarter following the implementation of various control measures by the government in mid-April. Quarterly price growth decelerated from 10% in the second quarter to just 5.4% in the third quarter and there was a noticeable decrease in transaction volume. The leasing market was active, however, with average rents for luxury apartments rising by 5.1% q-o-q to RMB 95.5 psm/month (US$1.3 psf/month) and vacancy falling. The third quarter is the traditional peak season for the luxury residential leasing market in Beijing as new expatriates with children usually choose to arrive in the city just before the new academic year starts in August. In addition, the process of obtaining visa approvals appears to have become more straightforward recently and it has become easier for multinational companies to send expatriates to Beijing.

Authorities introduced further cooling measures directed at the residential market in early October in order to rein in price growth. Steps included lifting the minimum down payment for families buying their first home from 20% to 30% and raising the minimum down payment for those buying their second property from 40% to 50%. Lenders were also forbidden from providing loans to buyers seeking to acquire third or more property. These tightening policies will further restrain demand for luxury apartments and cause transaction volume to decline in the coming quarter.

GREATER CHINA
SHANGHAI

LUXURY RESIDENTIAL RENTAL AND PRICE INDICES

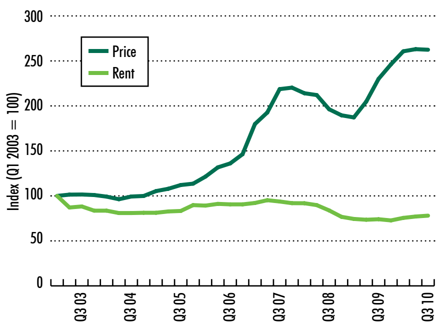


The average capital value of luxury apartments in Shanghai increased slightly by 0.9% q-o-q to RMB 46,452 psm (US$645 psf) in the third quarter as trading activity remained relatively muted. The leasing market was more active, however, with rents for luxury apartments increasing by 2.9% q-o-q to RMB148.3 psm/month (US$ 2.1 psf/month), and rising demand resulting in a fall in the vacancy rate. The period saw a number of new projects come on stream including Xiyuan in New Jiangwan Town at Yangpu District, Shanghai Bay in the Xuhui Riverside area and Yong Ye Apartment Phase 2. Transaction activity tended to focus more on new launches compared to units in the secondary market, particularly for projects in suburban areas.

In early October the Shanghai city government implemented another round of cooling measures directed at the residential market, in line with national level policy. The measures included stopping the city's public housing accumulation fund from providing loans to third-home buyers and capping loans to second-home buyers at RMB 400,000 (US$59,800), with down payments of at least 50% required. For a family's first-home purchase, loans are now capped at RMB 600,000 (US$89,700) and the down payment must be at least 20% and 30% when the home is below and above 90 sm respectively. Despite this round of measures the government faces an uphill battle to contain prices as bullish sentiment gradually returns to the market. Although some developers may offer discounts on selected projects to lure buyers, strongly financially positioned developers will continue to adopt a wait-and-see attitude and maintain present price levels in the next quarter.

GREATER CHINA
GUANGZHOU

LUXURY RESIDENTIAL RENTAL AND PRICE INDICES

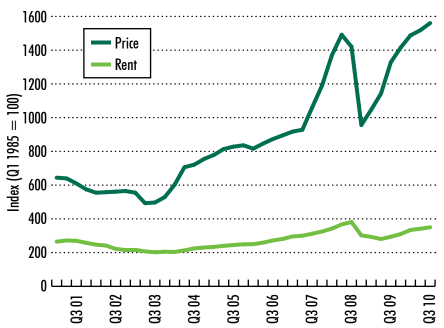


The introduction of various macro control measures over the course of the year curtailed sales activity in the Guangzhou luxury residential sector during the third quarter as the price surge witnessed in previous quarters came to a halt. Average prices fell by 0.2% q-o-q to RMB 26,354 psm (US$366 psf) during the period, although prices of luxury villas rose marginally on account of limited stock. Rental growth of luxury residential apartments eased from the 2.0% q-o-q recorded in the previous quarter to 1.2% q-o-q in the third quarter to stand at RMB 55.3 psm/month (US$0.8 psf/month). Serviced apartments in Tianhe district continued to enjoy higher occupancy and landlords raised rents, leading to faster-than-average rental growth.

Despite the slowdown in price growth several notable transactions were completed. A batch of duplex units in Golden Lake Garden developed by Hong Kong-based New World Property were launched onto the sales market with an average asking price of RMB27,000 psm (US$375 psf) and were highly sought after. Elsewhere, over 20,000 sm of space in The Onlink Junlin Apartment, a residential project in Tianhe, was snapped up at an approximately RMB 18,000 psm (US$250 psf). However, the end of September saw a further batch of tightening measures unveiled by the Central Government and this is expected to cool the market further in the months ahead.

GREATER CHINA
HONG KONG

LUXURY RESIDENTIAL RENTAL AND PRICE INDICES



The Hong Kong luxury residential property market gained further momentum in the third quarter on the back of the improved economic outlook and the low interest rate environment. Prices on Hong Kong Island grew by 2.8% to average HK$18,540 psf (US$2,390 psf) during the period, with notable transactions including the sale of two houses at 11 and 12A Headland Road in Repulse Bay for HK$660 million (US$85 million) and HK$478 million (US$62 million) respectively. In terms of the greater market, a total of 2,877 residential units valued at HK$10 million (US$1.3 million) or above were registered at the Land Registry in the third quarter, representing a jump of 43.9% q-o-q. Record prices at a government land auction for a luxury residential site in Kowloon, in which accommodation values were higher than prevailing market transaction prices, further drove up the market.

Luxury residential rents on Hong Kong Island rose by 2.5% q-o-q in the third quarter to an average of HK$43.2 psf/month (US$5.6 psf/month), whilst the vacancy rate was largely unchanged at 1.9%. The inflow of expatriates, especially in the finance and banking sectors, continued along with the solid economic recovery. Take-up slowed, however, given the limited amount of stock available in the market and landlords' reluctance to negotiate. The leasing market is expected to remain tight over the coming quarters due to growing demand for residential accommodation as headcounts rise and supply in traditional luxury residential districts remains limited.

SOUTH KOREA
SEOUL

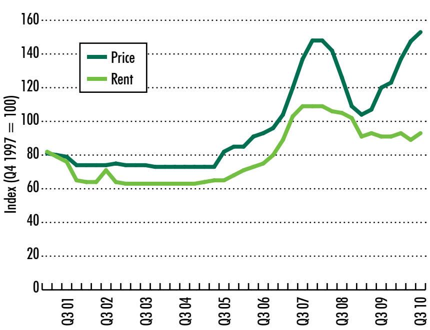
"THE MARKET REMAINED ANEMIC EVEN AS THE ECONOMY BOUNCED BACK"

The luxury residential market in Seoul remained anemic in the third quarter even as the economy bounced back from the global financial crisis, with the Bank of Korea (BOK) forecasting solid annual GDP growth of 5.9%. In an attempt to tackle the slump the Korean government in late August decided to temporarily lift the debt-to-income ceiling on mortgage loans for those who purchase a home priced under KRW 900 million (US$0.8 million), and also extended tax breaks on home buying outside the three districts in southern Seoul, namely Gangnam, Songpa and Seocho. The stimulus measures are intended to make home ownership more affordable for low-income or first-time home buyers in the country and are an attempt to put the brakes on deteriorating home prices, which have been falling since the beginning of the year.

The price of both pre-sale and existing apartments in Seoul has been steadily declining since the second quarter after the BOK raised its key interest rate by 25 bps to 2.3% in July. Whilst the increase in the benchmark rate was intended to curb inflation, it also sent residential sales prices into negative territory. The market response to the easing of mortgage lending and provision of tax breaks has been tepid thus far and overall prices continue to decline, although a number of unsold new apartments in suburban regions were transacted in the third quarter as some investors took advantage of the lowered debt-to-income ratio tax break measures. The leasing market is gaining strength, however, with rents rising as buyers remain wary of purchasing in the current market in view of fears of further price depreciation, a scenario that is expected to persist into the fourth quarter.

SINGAPORE
SINGAPORE

LUXURY RESIDENTIAL RENTAL AND PRICE INDICES

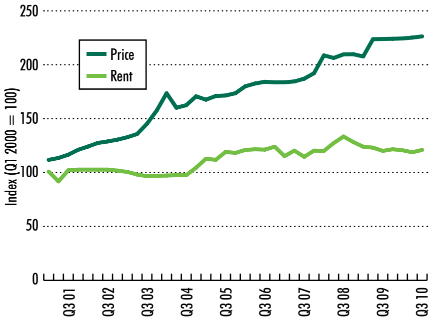


The Singapore luxury residential market remained stable in the third quarter as the sector was largely unaffected by the government's introduction of cooling measures directed at the broader residential market, which were designed to ensure public housing is primarily for owner-occupation and not for profiteering. The period saw 12 units of a new launch, Tomlinson Heights, sold at between S$2,940 psf and S$3,130 psf (US$2,237 psf and US$2,381 psf), and 35 units of Twin Peaks transacted at an average of $2,870 psf. The latter was the first residential project in the city to be sold on a fully-furnished basis. There were also some notable bulk purchases of units by institutional investors including Arch Capital, which bought all 34 units in Royal Oak for around S$200 million (US$152 million) or S$2,337 psf (US$1,778 psf) and Alpha Investment Partners, which acquired 23 units in Draycott Eight from Morgan Stanley for S$157 million (US$119 million) or S$2,300 psf (US$1,750 psf). Most of these units were tenanted.

On the whole, the high-end market witnessed more transactions in the third quarter than in the first half of the year, although prices have not moved. The prices of luxury homes in the secondary market have more or less caught up with the peak levels witnessed in 2007 while those in the primary market are still around 10% below the peak. Some 1,400 units in luxury projects such as Ardmore II, 8 Napier and Paterson Suites will be completed this year and 400 units in these developments remain unsold. Rents in the luxury residential segment currently stand at around 10% below the peak levels and are likely to remain stable in the near future.

SOUTH EAST ASIA

BANGKOK LUXURY RESIDENTIAL RENTAL AND PRICE INDICES



BANGKOK, THAILAND

The Bangkok luxury residential market remained vibrant in the third quarter of 2010 with overall capital values further edging up by 0.5% q-o-q. Prices of luxury condominiums continued to increase, particularly for large, high quality projects recently completed in central areas. Projects with unsold units were seen to be offering discounts but price levels otherwise remained firm. The price of new pre-sale projects continued to rise due to increasing land prices and construction costs.

The supply of small units in downtown, mid-town and suburban areas markedly increased during the period but there were only a limited number of new project launches of larger condominiums in the city centre. Developers of recently completed large unit projects attempted to clear unsold inventory by offering incentives including more appealing rental returns, furniture packages and in selected cases large price discounts. Once these units have been sold it is expected that vacancy will fall and demand for new projects will revive.

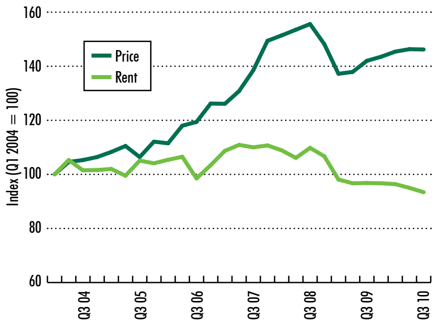
Although it appears that Thai buyers are beginning to prefer to live in condominiums there are some concerns about the rising number of speculators and "buy-to-let" investors in the condominium market, which could affect the affordability of some new small unit condominium projects for end-users. However, Thai authorities have not yet taken any measures to reduce demand for residential property. Most developers are moving away from developing large units and the majority of new launches in the city will be small one-bedroom units. Rentals will remain largely stable in the coming quarter as there will be no significant increases in expatriate housing allowances.

MANILA, PHILIPPINES

Demand for luxury residential property in Manila remained strong in the third quarter and most landlords raised their rents by 10% to 15% during the period. Rents for luxury residential apartments stood at PHP 750 psm/month (US$1.6 psf/month) in the quarter, a rise of 19% on a year previously. Reports suggest landlords have turned more aggressive in raising their rents so as to capture the highest possible rental income. The limited options and tight competition for quality units means tenants are forced to reluctantly accept the new terms set by landlords. It is expected that more landlords may soon follow suit, a trend that would put additional upward pressure on rentals.

The sales market for luxury residential condominiums also performed well during the review period with capital values appreciating by about 6.0%. However, the increase in capital values was mainly confined to the secondary market and no significant transactions were registered in the primary market. Aside from the Raffles Residences and Discovery Primea, both of which are currently under construction, future supply is limited. Demand from the expatriate community will remain strong as most MNCs continue to offshore ancillary functions in the Philippines as part of cost cutting measures. Against the limited quantum of new supply, prices and rentals will come under upward pressure in the short term.

KUALA LUMPUR LUXURY RESIDENTIAL RENTAL AND PRICE INDICES

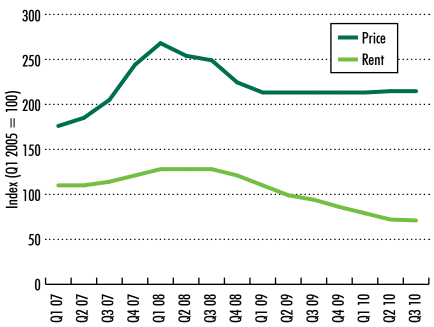


KUALA LUMPUR, MALAYSIA

The Kuala Lumpur luxury residential market continued to perform steadily in the third quarter of 2010 with capital values of units transacted on the secondary market remaining largely unchanged at RM 703 psf (US$228 psf) compared to RM 704 psf (US$217 psf) in the preceding quarter. In the leasing market, asking rents fell by 1.7% q-o-q on average to RM 3.5 psf/month (US$1.2 psf/month), mainly due to a decline in rents in both KLCC and Mont'Kiara. Approximately 1,500 units from six new projects (Arata, Madge Mansion, M-Suites, The Vipod, 6 CapSquare, and the Icon Residence, Mont'Kiara) came on stream during the quarter and developers reported steady sales. Over 60% of units were sold in Arata, M-Suites and 6 CapSquare as buyers were lured by incentives including price discounts, interest-free instalments during the construction period and various preferential mortgage schemes. The period also saw the completion of six additional new luxury residential projects (Zephyr Point, 7 U-Thant, Lumina Kiara, Hampshire Place and The Troika) providing a total of 550 units to the market. Zephyr Point comprises seven units, including three penthouses and four villas, and will be marketed using the comparatively less-utilised build-then-sell (BTS) concept. Hampshire Place is a two-tower development with one residential building and one Grade A office tower.

On the macro-economic side, Bank of Negara Malaysia (BNM) increased its overnight policy rate (OPR) by 25 bps to 3.0% in July 2010. The base lending rate (BLR) also increased accordingly from 6.0% to 6.3%. The Bank also announced the lowering of the loan-to-value ratio (LVR) ratio for purchases of third and subsequent properties in a bid to curb speculation, while keeping the financing facilities for first and second homes unchanged. In addition, the recent budget included a number of incentives for first-time homebuyers such as a 10% guaranteed down payment on medium cost housing for low income households and selective stamp duty exemptions on instruments of transfer and loan agreement instruments. However, it is unlikely that these incentives will have much of an impact on the luxury residential market.

HO CHI MINH CITY LUXURY RESIDENTIAL RENTAL AND PRICE INDICES



HO CHI MINH CITY, VIETNAM

Luxury residential prices in Ho Chi Minh City remained largely unchanged at around US$4,401 psm (US$409 psf) in the third quarter amidst a hiatus in new launches. Most transactions were completed in the affordable segment where prices ranged from US$563 to US$720 psm (US$52.3 to US$66.9 psf). Statistics indicated that enquiries increased by 26% q-o-q and completed deals increased by 15% q-o-q, but these were largely confined to the affordable segment or for landed properties as buyers of luxury property remained on the sidelines. In the leasing market, rents for the few luxury condominium projects within the CBD were stable during the quarter. Anecdotal evidence suggests that accommodation budgets for expatriates appear to have stabilised and the period saw an increase in budgets for expatriate housing on the higher end of the scale.

Although the Vincom Center was completed in the second quarter the developer has yet to announce the official launch of its residential component. Many buyers retain a strong interest in the project as it has superior location, quality and design compared to other projects in the area. New supply scheduled to come on stream in forthcoming quarters also includes M&C Tower in District 1 with 176 units and Saigon Pavilion in District 3 with 87 units. The consensus in the market is that buyers remain on the sidelines either waiting for a further correction or confirmation of the bottoming out in prices. Overall transactions and prices are therefore expected to remain subdued over the next few months.

MAJOR MICROMARKETS BY SECTOR

	PRIME OFFICE	PRIME RETAIL	INDUSTRIAL	LUXURY RESIDENTIAL
GREATER CHINA				
BEIJING	Lufthansa, Jianguomen (CBD), Wangfujing, East Chang'an Avenue, Second East Ring Road, Zhongguancun, Finance Street	Wangfujing, Xidan, Jianguomen (CBD), Chaoyangmenwai	Majuqiao, Yizhuang, Daxing, Tianzhu, Wangjing, Shangdi, Haidian Science Park	Jianguomen (CBD), Lufthansa, Chaoyang Park, Zhongguancun, Finance Street, Wenyuhe area
SHANGHAI	Hongqiao, People's Square, Nanjing Road W, Huaihai Road M, Xujiahui, Lujiazui CBD, New Shanghai Commercial City, Zhuyuan	Huaihai Middle Road, Nanjing West Road, Nanjing East Road, Xujiahui	Waigaoqiao, Jinqiao, Zhangjiang, Lingang, Fengxian, Jiading, Caohejing, Qingpu, Songjiang	Xuhui, Changning, Jing'an, Luwan, Little Lujiazui Riverside, Xijiao Hongqiao, Sheshan Songjiang, Dongjiao Pudong
GUANGZHOU	Tianhe Sports Centre, Pearl River New City, Huanshi Road E, Dongfeng Road, Zhongshan Road	Tianhe CBD, Huanshi East Road, Beijing Road, Lingyuanxi,Shangxiajiu Road, Jiangnanxi	Guangzhou Development Zone, Nansha Development Zone	Tianhe Sports Centre, Pearl River New City, Ersha Island, Binjiangdong
SHENZHEN	Guomao, Caiwuwei, Huaqiangbei, CBD, Chegongmiao, Nanyou	Dongmen, Renminnan, Diwang, Huaqiangbei, CBD, Houhai/Shekou	Shenzhen High-tech Industrial Park, Futian Free Trade Zone, Shatoujiao Free Trade Zone, Yantian Port Free Trade Zone, Shenzhen Export Processing Zone	OCT, Honey Lake, Futian CBD, Mangrove coastal areas, Shekou
CHENGDU	CBD Precinct, Renmin Road S	Chunxi Road, Yanshikou, Luomashi, Zongbei	High-tech Development Zone, Economic & Technological Development Zone	City centre, Qingshuihe, Zijing, Wangjiang, South New City
HONG KONG	Central, Sheung Wan, Admiralty, Wan Chai, Causeway Bay, North Point, Tsim Sha Tsui, Kowloon East, Island East, Jordan, Mongkok, Hunghom, San Po Kong, Cheung Sha Wan, Kwai Fong and Tsuen Wan	Central, Causeway Bay, Tsim Sha Tsui and Mong Kok	Kwai Tsing, Tsuen Wan, Kwun Tong, Cheung Sha Wan, Tuen Mun; Yuen Long; Tai Po and Fanling	Traditional luxury residential properties are concentrated in four districts on Hong Kong Island (The Peak, Mid-Levels, Island South and Jardine's Lookout).
TAIPEI	Taipei Main Station, Zhongshan North Road, Nanjing-Songjiang Area, Minsheng-Dunhua Area, Dunhua-Renai Area, Xinyi-Jilong Area	Zhongxiao East Road, Zhongshan North Road, Ximentin, Dunhua South Road		
NORTH ASIA				
TOKYO, JAPAN	The Central Five Wards, where the majority of prime office property in Tokyo is located, are collectively referred to as the central business district of Tokyo, comprising Chiyoda-Ku, Chuo-Ku, Minato-Ku, Shinjuku-Ku and Shibuya-Ku.	Ginza, Omotesando, Shibuya, Shinjuku, Harajuku	In greater Tokyo, properties categorised as warehouses are concentrated in or near Narita Airport, Port of Chiba, Port of Tokyo and Port of Kanagawa, as well as the suburban fringe areas of Tokyo.	
SEOUL, SOUTH KOREA	There are three major office districts in Seoul: CBD in Jung-gu, Gangnam and Yeouido.	Apgujeong-dong, Cheongdam-dong, COEX mall, Gangnam Station, Myeongdong, Shinchon		Gangnam District including Seocho-dong, Yongsan District and Ttukseom. Major sub-markets are concentrated in GBD/Dogok-dong, Samsung-dong, Daechi-dong, Seocho-dong, Cheongdam-dong and Yongsan-gu/Hannam-dong.
SOUTH ASIA				
NEW DELHI, INDIA	The central New Delhi CBD area comprises all commercial developments in and around Connaught Place, which is the traditional prime office sub-market. New office sub-markets are emerging in suburban areas like Gurgaon and Noida	Connaught Place, Greater Kailash, Khan Market, South Extension,Saket District Centre,Vasant Kunj		
MUMBAI, INDIA	The traditional office sub-markets are situated in South Mumbai around Nariman Point and Ballard Estate, but new office sub-market areas are emerging in Bandra Kurla Complex and Central Mumbai.			
BANGALORE, INDIA	The Bangalore CBD refers to the portion of the City of Bangalore which covers MG Road and its immediate environs including Residency Road, Richmond Road, Ulsoor, St. Marks Road and K.B. Road.			

	PRIME OFFICE	PRIME RETAIL	INDUSTRIAL	LUXURY RESIDENTIAL
SOUTH EAST ASIA				
KUALA LUMPUR, MALAYSIA	The Kuala Lumpur office market is defined by the Kuala Lumpur city centre (KLC) and Kuala Lumpur Suburban Area (SA). The KLC comprises areas generally within the central business district while the SA comprises major suburban areas located at the city fringe areas.	The Klang Valley retail market covers the Kuala Lumpur city centre (KLC) and Suburban areas. The KLC comprises areas generally within the central business district, whilst the Suburban area comprises city fringe areas (such as KL Sentral, Bangsar and Mont' Kiara / Sri Hartamas), as well as the major suburban areas located in the State of Selangor (such as Petaling Jaya, Subang Jaya, Shah Alam and Klang).		Kuala Lumpur City Centre where the Petronas Twin Towers are situated, and the suburban areas namely Bangsar and Mont' Kiara.
MANILA, PHILIPPINES	The premier central business district in Manila is Makati, which is one of the two major business districts in Metro Manila.	Concentrated in Makati CBD	Calamba, Cabuyao, Sta. Rosa, Pampanga, Subic Bay Freeport Zone, Zambales, Baguio City Special Economic Zone	Concentrated in Makati CBD and Fort Bonifacio Global City
SINGAPORE	Singapore comprises an islandwide office market of which 90% of office space is located in the Central Region, with the remainder located in the city's outlying regional centres.	Orchard Road, City Hall/ Marina Centre, Suburban	Prime factories and warehouses are located in Ubi, Paya Lebar, Aljunied Road, MacPherson Road, Kallang Pudding, Henderson Road, Jalan Bukit Merah and Alexandra Road.	Districts 9 and 10; basically a 1-Km radius around the Orchard/ Scotts Roads junction.
BANGKOK, THAILAND	The Central Business District in Bangkok incorporates the Silom, Sathorn, Sukhumvit and Lumpini sub-markets.	Pathumwan, Silom, Sukhumvit	Bangkok Metropolitan Region (BMR), Eastern Seaboard.	Bangrak, Sathon, Pathumwan districts; Klongtoey and Wattana districts along the early Sukhumvit Road; areas on the Charoenkrung, Charoennakorn, Rama III Roads along the Chaophraya River.
HO CHI MINH CITY, VIETNAM	The Central Business District (CBD) in Ho Chi Minh City which also named District 1.	The Central Business District (CBD) in Ho Chi Minh City which also named District 1.		Districts 1 (CBD), Thao Dien (a.k.a. An Phu) in District 2, Saigon South (a.k.a. Phu My Hung) in District 7 and Binh Thanh – within 15 minutes of CBD.
HANOI, VIETNAM	The Central Business District (CBD) in Hanoi which also named Hoan Kiem District and part of Hai Ba Trung District.	The Central Business District (CBD) in Hanoi which also named Hoan Kiem District, and Hai Ba Trung	Industrial parks are concentrated along both ends (north and south) of Thang Long Bridge (part of Hanoi's Ring Road No.3 to Noi Bai International Airport), north west of the city, and along Highway No.5 (Hanoi - Hai Phong) to the east of the city.	Hoan Kiem, Tay Ho, Cau Giay - new projects to the west in Cau Giay / My Dinh District

TERMINOLOGY & DEFINITIONS

GROSS FLOOR AREA
Gross Floor Area shall include all areas contained within the external walls at each floor level and the whole thickness of the external walls. In general, mechanical and electrical services rooms, refuse chambers and rooms, water tanks, car parking floors and all lifts and staircases passing through these floors shall be excluded from the Gross Floor Area calculation.

INTERNAL FLOOR AREA
Internal Floor Area shall be measured to the internal finish of structural, external and / or party walls. All common areas such as toilets, lift lobbies, plant rooms, stairs and corridors are excluded.

LETTABLE AREA
The Lettable Area of whole floors shall include toilets and lift lobbies but exclude common areas such as lift shafts, stairs, plant rooms and smoke lobbies. Lettable Area for sub-divided units shall be the Saleable Area of that unit plus a proportionate share of the communal toilets, lift lobbies and passageways among sub-divided units on that floor.

SALEABLE AREA
The Saleable Area of a unit is measured up to the centre line of the wall separating adjoining units. The full thickness of the walls separating the units from common areas, lift shafts, light wells, staircases, etc. is included.

NET FLOOR AREA
Net Floor Area shall exclude all common areas such as common corridors, stairs, lift lobbies, toilets and plant room. It shall be measured from the centre of the enclosing external and /or party walls.

OFFICE

PRIME OFFICE PROPERTIES
Modern office facilities with exceptional accessibility and a definite market presence along with high-quality standard finishes; state-of-the-art systems, flexible layout and large floor plates; effective central air-conditioning; good management and parking facilities are normally available.

TOTAL OCCUPANCY COST
Total occupancy cost reflects all costs of occupancy, including base rent and other occupancy-related expenses such as service charges/management fees, property taxes and the opportunity cost of any large deposit paid to landlords on the commencement of the lease term. This corresponds to "inclusive" rents in most of the Asian markets or "gross" rents in the Australia/New Zealand markets. For comparison purposes and taking into the account the differences in space measurement and rent quotation in various markets in the Asia Pacific region, the total occupancy cost figures in our publication are calculated on a net lettable area basis and are quoted in terms of US dollars per square foot on a per month basis.

RENT - LOCAL CURRENCY / MEASURE
The rent quoted is usually the typical "achievable" rent for a unit in a Grade A/prime office building in a prime location. Rents are expressed as headline rent, without accounting for any tenant incentives which may be necessary to achieve it. Rents are stated in the local currency and prevailing unit of measure, as well as in those terms - gross or net, inclusive (including management fees and/or property taxes) or exclusive (excluding management fees and property taxes) - that are customarily employed in the respective market.

NET ABSORPTION
Net Absorption figures represent the net increase in occupied floor space in the period. The figures are arrived at using the following method:

Net Absorption = New Completions
+ Vacancy figures at the beginning of period
– Demolition
– Vacancy figures at period-end

RETAIL

PRIME RETAIL
The best retail facilities available. Typically characterised by excellent visibility and accessibility and regular size and configuration.

RETAIL RENTS - LOCAL MEASURE
Retail rent quoted is usually the typical "achievable" rent for a 1,000 sf shop unit in a prime location, without accounting for any tenant incentives which may be necessary to achieve it. Rents are stated in the local prevailing unit of measure and US$ equivalent, as well as in those terms - gross or lettable - that are customarily employed in the respective market.

INDUSTRIAL

INDUSTRIAL RENTS
Average rental values are derived from a basket of prime industrial properties (as defined below) located in major industrial zones in each market. Quoted on a per square foot, monthly basis.

INDUSTRIAL PROPERTIES
Industrial properties include factories (manufacturing based facilities), logistics warehouses and high-tech and research facilities. Economic and Technological Development Zones or industrial parks are areas designed and zoned for manufacturing and associated activities. Incentives associated with taxes, such as tax abatement are often provided for manufacturers in these industrial zones.

WAREHOUSE

This category comprises premises that are designated as logistics centres or storage space where commodities are stocked. This usually includes a small office for employees working there. Such offices do not conduct business with customers, but are solely for the general operation of the associated warehouse.

(Note: In Hong Kong, this category comprises premises designed or adapted for use as godowns or cold stores and includes ancillary offices.)

INDUSTRIAL/OFFICE (I/O)

This terminology refers to floor space in developments with planning permission for industrial/office use.

FACTORY

Factory space is broadly defined as the space used or intended to be used where goods are made. It generally consists of buildings or part of buildings which are designed to accommodate activities such as printing and publishing, food and beverages, aerospace, machinery, fabricated metals, electronic industries, chemicals, manufacturing and assembly.

Factory buildings can be further subdivided into multi-user factories and single-user factories, depending on the usage and types of occupation.

- Multiple-User Factory: This usually refers to a factory building which has been subdivided into individual strata-title units. This results in multiple ownership of the factory building.
- Single-User Factory: A single-user factory generally refers to a building that has a single occupier and is used solely for purposes related to that occupier.

BUSINESS PARK

This refers to areas for non-pollutive industries and businesses that cater mainly to the needs of new industries in high value added and knowledge-based activities.

HIGH-TECH INDUSTRIAL

This category refers to industrial spaces that are fitted with high-tech features such as building management automation and security systems as well as advanced telecommunication facilities and master antenna television systems.

INDUSTRIAL ESTATES

In Thailand, an industrial estate resembles an industrial town or industrial city, providing the complete infrastructure necessary for industrial operations, including electricity, water, flood protection, waste water treatment, solid waste disposal, etc. They are accessible to seaports, airports and other transportation centres. In addition to providing communication facilities and security systems, industrial estates also contain commercial banks and a post office. Some have customs offices, schools, hospitals, shopping centres and other facilities needed for investors and workers. Such areas are self-contained communities.

LUXURY RESIDENTIAL APARTMENT/ CONDOMINIUM

LUXURY RESIDENTIAL (APARTMENT/CONDOMINIUM)

Typically characterised by quality, unique features and locations. Good building design, layout, decoration and good standard of construction using high-quality materials and specification. Providing comprehensive range of facilities, e.g. swimming pool, gym, etc.

LUXURY RESIDENTIAL RENTS (APARTMENT)

A monthly rental which is payable in advance. Average rents are based on a basket of luxury apartment properties and are quoted on gross floor or net floor area updated quarterly, excluding management/maintenance fees.

LUXURY RESIDENTIAL PRICES (APARTMENT)

Average prices are based on gross transaction prices and asking prices based on a basket of luxury apartment properties updated quarterly; average prices are based on gross floor or net floor area, including pre-sale of completed projects.

MANAGEMENT FEE

Management fees are usually charged to the tenant separately, covering maintenance and cleaning of common areas, facilities and security service. Sometimes landlords also provide quotations inclusive of both rent and management fees. It can vary depending on the landlord and the lease terms agreed.

CONTACTS

OFFICE

GREATER CHINA

China
Mark Latham
T: (86) 21 2401 1229
E: mark.latham@cbre.com.cn

Hong Kong
Rhodri James
T: (852) 2820 8120
E: rhodri.james@cbre.com.hk

John Davies
E: john.davies@cbre.com.hk

Taipei
Man Chan
T: (886) 2 2713 2266
E: man.chan@cbre.com

NORTH ASIA

Japan
Ben Duncan
T: (81) 3 5470 8811
E: ben.duncan@cbre.co.jp

South Korea
Steve Kim
T: (82) 2 2170 5800
E: steve.kim@cbrekorea.com

SOUTH EAST & SOUTH ASIA

Singapore
Moray Armstrong
T: (65) 6224 8181
E: moray.armstrong@cbre.com.sg

Thailand
Nithipat Tongpun
T: (66) 2 654 1111
E: nithipat.tongpun@cbre.co.th

Philippines
Joey Radovan
T: (63) 2 752 2580
E: joey.radovan@cbre.com.ph

Malaysia
Chris Boyd
T: (60) 3 2092 5955
E: chris.boyd@cbre.com.my

India
Rajat Gupta
T: (91) 11 4239 0200
E: rajat.gupta@cbre.com

Vietnam
Marc Townsend
T: (84) 8 3824 6125
E: marc.townsend@cbre.com

RETAIL

GREATER CHINA

China
Karine Lee
T: (86) 21 2401 1350
E: Karine.Lee@cbre.com.cn

Annie Lei
T : (86) 10 8588 0718
E : Annie.Lei@cbre.com.cn

Hong Kong
Joe Lin
T: (852) 2820 2800
E: joe.lin@cbre.com.hk

Taipei
Kristy Hwang
T: (886) 2 2713 2266
E: kristy.hwang@cbre.com

NORTH ASIA

Japan
Stuart Tudor
T: (81) 3 5470 8861
E: stuart.tudor@cbre.co.jp

South Korea
Steve Kim
T: (82) 2 2170 5800
E: steve.kim@cbrekorea.com

SOUTH EAST & SOUTH ASIA

Singapore
Letty Lee
T: (65) 6224 8181
E: letty.lee@cbre.com.sg

Thailand
Nithipat Tongpun
T: (66) 2 654 1111
E: nithipat.tongpun@cbre.co.th

Philippines
Joanie Mitchell
T: (632) 752 2580
E: joanie.mitchell@cbre.com.ph

Malaysia
Allan Soo
T: (60) 3 2092 5955
E: allan.soo@cbre.com.my

India
Vaibhav Mahurkar
T: (91) 11 4239 0200
E: Vaibhav.mahurkar@cbre.com

Vietnam
Richard Leech
T: (84) 4 2220 0220
E: richard.leech@cbre.com

INDUSTRIAL

GREATER CHINA

China
Andrew Hatherley
T: (86) 21 2401 1200
E: andrew.hatherley@cbre.com.cn

Hong Kong & Taiwan
Darren Benson
T: (852) 2820 8163
E: darren.benson@cbre.com.hk

NORTH ASIA

Japan
Ben Duncan
T: (81) 3 5470 8811
E: ben.duncan@cbre.co.jp

SOUTH EAST ASIA

Singapore
Bernard Goh
T: (65) 6224 8181
E: bernard.goh@cbre.com.sg

Thailand
James Pitchon
T: (66) 2 654 1111
E: james.pitchon@cbre.co.th

Philippines
Calvin Javiniar
T: (63) 2 752 2580
carlo.javiniar@cbre.com.ph

Malaysia
Paul Khong
T: (60) 3 2092 5955
E: paul.khong@cbre.com.my

Vietnam
Richard Leech
T: (84) 4 2220 0220
E: richard.leech@cbre.com

LUXURY RESIDENTIAL

REGIONAL PROJECT MARKETING

Rebecca Shum
T: (852) 2820 2800
E: rebecca.shum@cbre.com.hk

GREATER CHINA

Greater China
Anton Eilers
T: (86) 10 8588 0828
E: anton.eilers@cbre.com.cn

Hong Kong
Craig Shute
T: (852) 2845 3842
E: craig.shute@cbre.com.hk

NORTH ASIA

South Korea
Don Lim
T: (82) 2 2170 5852
E: don.lim@cbrekorea.com

SOUTH EAST ASIA

Singapore
Joseph Tan
T: (65) 6326 1236
E: joseph.tan@cbre.com.sg

Thailand
Aliwassa Pathnadabutr
T: (66) 2 654 1111
E: aliwassa.pathnadabutr@cbre.co.th

Philippines
Chay Ong
T: (63) 2 752 2580
E: chay.ong@cbre.com.ph

Malaysia
Paul Khong
T: (60) 3 2092 5955
E: paul.khong@cbre.com.my

Vietnam
Marc Townsend
T: (84) 8 3824 6125
E: marc.townsend@cbre.com

ASIA OFFICES

HONG KONG
4/F Three Exchange Square
8 Connaught Place, Central
Hong Kong
T: (852) 2820 2800
F: (852) 2810 0830

Suite 1201-03 & 14, 12/F Tower 6
The Gateway, 9 Canton Road
Tsimshatsui, Kowloon, Hong Kong
T: (852) 2820 8100
F: (852) 2521 9517

MACAU
The Executive Centre, Level 20
AIA Tower, 251A-301
Avenida Comercial De Macau
T: (853) 2857 5722
F: (853) 2857 5720

BEIJING
11/F, Tower 2, Prosper Centre
5 Guanghua Road, Chaoyang District
Beijing 100020
People's Republic of China
T: (86) 10 8588 0888
F: (86) 10 8588 0899

SHANGHAI
11/F Wheelock Square
1717 West Nanjing Road
Shanghai 200040
People's Republic of China
T: (86) 21 2401 1200
F: (86) 21 5403 7519

GUANGZHOU
Suite 804, R&F Center
10 Hua Xia Road, Pearl River New City
Tianhe District, Guangzhou 510623
People's Republic of China
T: (86) 20 2883 9200
F: (86) 20 2883 9248

SHENZHEN
Suite 1601, Tower 2, Kerry Plaza
1 Zhongxinsi Road, Futian District
Shenzhen 518048
People's Republic of China
T: (86) 755 8271 8999
F: (86) 755 2399 5370

HANGZHOU
Suite 703, South Tower
Anno Domini Plaza, 8 Qiu Shi Road
Hangzhou 310013
People's Republic of China
T: (86) 571 2880 6818
F: (86) 571 2880 8018

CHENGDU
Suite 704A-706, Office Tower at
Shangri-La Centre Chengdu, Block B
9 Bin Jiang East Road, Chengdu 610021
People's Republic of China
T: (86) 28 8447 0022
F: (86) 28 8447 3311

TIANJIN
Suite 903, Tower A, The Exchange
189 Nan Jing Road, Heping District
Tianjin 300051
People's Republic of China
T: (86) 22 8319 2178
F: (86) 22 8319 2180

DALIAN
Suite 2104, 21/F
Tian An International Tower
88 Zhong Shan Road, Zhongshan District
Dalian 116001
People's Republic of China
T: (86) 411 3980 5855
F: (86) 411 3980 5866

QINGDAO
Suite 501-502, Office Tower
Shangri-La Centre
9 Xiang Gang Middle Road
Qingdao 266071
People's Republic of China
T: (86) 532 6887 7222
F: (86) 532 6887 7234

WUHAN
Suite 3308, 33/F, Block 1
New World International Trade Centre
568 Jian She Avenue, Jianghan District
Wuhan 430022
People's Republic of China
T: (86) 27 8555 8277
F: (86) 27 6885 0506

SHENYANG
Suite 2102-2103
North International Media Centre
167 Qingnian Street, Shenhe District
Shenyang 110014
People's Republic of China
T: (86) 24 2318 2688
F: (86) 24 2318 2689

CHONGQING
Suite 2005-2006, 20/F
Chongqing International Trade Centre
38 Qingnian Road, Yuzhong District
Chongqing 400015
People's Republic of China
T: (86) 23 6310 7070
F: (86) 23 6310 7171

TAIPEI
13F/A, Hung Tai Centre
170 Tun Hua North Road
Taipei 105, Taiwan
T: (886) 2 2713 2266
F: (886) 2 2712 3065

SINGAPORE
6 Battery Road #32-01
Singapore 049909
T: (65) 6224 8181
F: (65) 6225 1987

168 Jalan Bukit Merah
Tower 3 #01-09
Singapore 150168
T: (65) 6854 8688
F: (65) 6271 2583

TOKYO, JAPAN
5/F JEI Hamamatsucho Building
2-2-12 Hamamatsucho, Minato-ku
Tokyo 105-0013, Japan
T: (81) 3 5470 8711
F: (81) 3 5470 8715

1/F JEI Hamamatsucho Building
2-2-12 Hamamatsucho, Minato-ku
Tokyo 105-0013, Japan
T: (81) 3 5470 8800
F: (81) 3 5470 8801

*15 offices throughout Japan

SEOUL, KOREA
21/F SC First Bank Building
100 Gongpyeong-dong, Jongno-gu
Seoul, Korea 110-702
T: (82) 2 2170 5800
F: (82) 2 2170 5899

PHNOM PENH, CAMBODIA
Colonial Mansion
A-One Building, 1A Street 102
Phnom Penh, Cambodia
T: (855) 12 822 509

NEW DELHI, INDIA
G/F P.T.I Building
4 Parliament Street
New Delhi 110 001, India
T: (91) 11 4239 0200
F: (91) 11 2331 7670

MUMBAI, INDIA
#202/203, 2/F Naman Centre
G-block, Bandra Kurla Complex
Bandra (E), Mumbai 400 051, India
T: (91) 22 4069 0100
F: (91) 22 2652 7655

BANGALORE, INDIA
Hulkul Brigade Centre
G/F, No. 82 Lavelle Road
Bangalore 560 001, India
T: (91) 80 4074 0000
F: (91) 80 4112 1239

CHENNAI (MADRAS), INDIA
2H, 2/F Gee Gee Emerald 2C & 2D
151 Village Road, Nungambakkam
Chennai 600 034, India
T: (91) 44 2821 4599/4571
F: (91) 44 2821 4607

HYDERABAD, INDIA
211, Maximus 2B, Mindspace Cyberabad
Survey No: 64 (Part)
APIIC Software Layout, Madhapur
Hyderabad 500 081, India
T: (91) 40 4033 5000
F: (91) 40 4033 5050

PUNE, INDIA
705-706, 7/F Nucleus, Church Road
Pune 411 001, India
T: (91) 20 2605 5437/5367
F: (91) 20 2605 5405

KOLKATA, INDIA
2/F, Block B, Jindal Towers
21/1A/3, Darga Road
Kolkata 700 017, India
T: (91) 33 4019 0200
F: (91) 33 4019 0230

JAKARTA, INDONESIA
Menara BCA 45/F, Suite 4502
Jalan M. H. Thamrin No. 1
Jakarta 10310, Indonesia
T: (62) 21 2358 7337
F: (62) 21 2358 7227

KUALA LUMPUR, MALAYSIA
#9-1, Level 9, Menara Millenium
Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur, Malaysia
T: (60) 3 2092 5955
F: (60) 3 2092 5966

JOHOR BAHRU, MALAYSIA
Unit 7.06, Level 7, Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru, Johor, Malaysia
T: (60) 7 331 8118
F: (60) 7 331 8119

PENANG, MALAYSIA
#9-B, Tingkat 9, Menara BHL Bank
51 Jalan Sultan Ahmad Shah
10050 Penang, Malaysia
T: (60) 4 226 4888
F: (60) 4 226 4111

MANILA, PHILIPPINES
Suite 1002-1005, 10/F
Ayala Tower One & Exchange Plaza
Ayala Avenue, Makati City
Metro Manila 1226, Philippines
T: (63) 2 752 2580
F: (63) 2 752 2571

10/F, National Life Building
Ayala Avenue, Makati City
Philippines
T: (63) 2 893 9325 / 2 894 5120

CEBU, PHILIPPINES
Suite 2, 2nd Level
Waterfront Hotel, Lahug
Cebu City, Philippines
T: (63) 32 318 0070

BANGKOK, THAILAND
46/F CRC Tower, All Seasons Place
87/2 Wireless Road, Lumpini
Pathumwan, Bangkok 10330
Thailand
T: (66) 2 654 1111
F: (66) 2 685 3300-1

PHUKET, THAILAND
12/9 Moo 4, Thepkrasattri Road
Kohkaew, Muang, Phuket 83000
Thailand
T: (66) 76 239 967
F: (66) 76 239 970

SAMUI, THAILAND
3/6 Moo 1, Baan Bophut - Plailaem Road
Bophut, Koh Samui
Surat Thani 84320, Thailand
T: (66) 77 430 737
F: (66) 77 430 740

HO CHI MINH CITY, VIETNAM
Suite 1201, Me Linh Point Tower
2 Ngo Duc Ke Street, District 1
Ho Chi Minh City, Vietnam
T: (84) 8 3824 6125
F: (84) 8 3823 8418

HANOI, VIETNAM
Floor 12A, Vincom City Tower B
191 Ba Trieu Street
Hanoi, Vietnam
T: (84) 4 2220 0220
F: (84) 4 2220 0210

DANANG, VIETNAM
6/F, Indochina Riverside Towers
74 Bach Dang Street
Danang, Vietnam
T: (84) 511 2222 111
F: (84) 511 2222 100

ASIA MAP


Shenyang
Dalian
Beijing
Tianjin
Seoul
Qingdao
Tokyo
Shanghai
Hangzhou
Chengdu
Chongqing
Wuhan
New Delhi
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