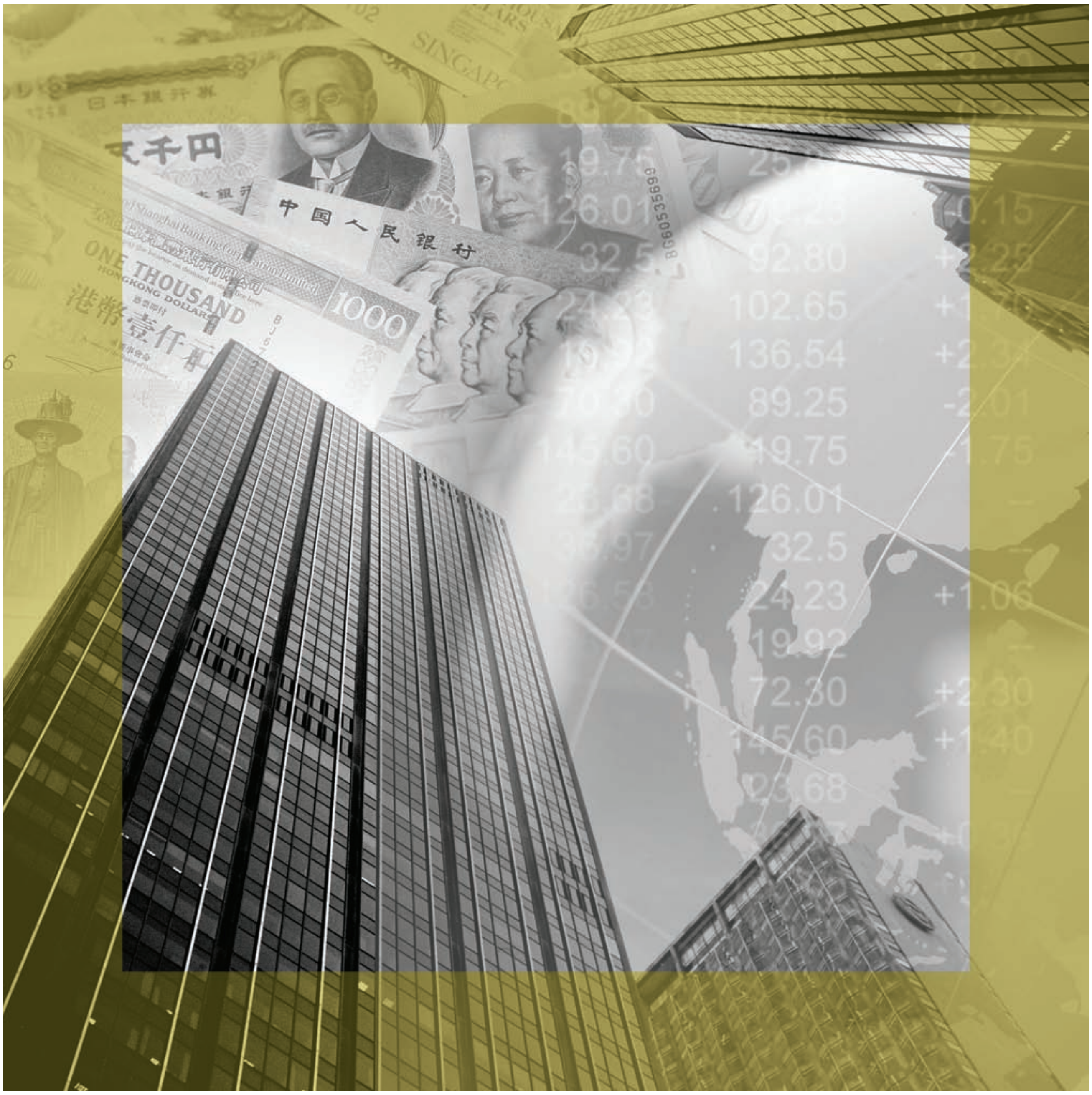
Q1 2007



ASIAN INVESTMENT MARKET FLASH

CBRE RESEARCH

CBRE
CB RICHARD ELLIS

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ESTIMATED INITIAL YIELDS

City	Prime Office	Luxury Residential	Retail	Industrial
India				
*Delhi**	7.5-9.0%	2.0-3.0%	8.5-10.5%	10.0-11.0%
*Mumbai**	11.0-12.0%	3.0-4.0%	10.0-11.0%	14.0-15.0%
Jakarta ^	9.0-11.0%	10.5-12.0%	9.0-11.0%	8.0-10.0%
Tokyo ^	3.0-3.3%	4.5-5.0%	3.0-3.3%	4.8-5.8%
Kuala Lumpur ^	6.5-7.0%	6.0-7.0%	6.5-7.0%	n.a.
Manila*	11.5-12.5%	9.0-12.0%	12.0-13.0%	n.a.
PRC				
*Beijing**	7.0-9.0%	5.0-7.0%	8.0-10.0%	10.0-12.0%
*Shanghai**	7.8%	7.0%	8.0%	8.0-9.0%
*Guangzhou**	8.0-9.0%	7.0-8.0%	7.0-10.0%	n.a.
*Hong Kong**	4.6%	3.9%	4.3%	7.2%
Singapore*	4.6%	3.0%	6.0%	3.0%
Seoul*	6.0-7.0%	3.0-4.0%	7.0-9.0%	7.0-8.0%
Taipei*	4.0-4.5%	3.0%	5.0-6.0%	5.0-6.0%
Bangkok ^	7.0-8.0%	5.0-6.0%	8.0-9.0%	8.0-9.0%

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

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

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

In the first quarter of 2007, institutional investors continued to dominate the large-lot property investment market and showed a strong appetite for office properties in leading markets, especially Tokyo, Singapore and Seoul. The combined value of the quarter's ten largest investment deals amounted to US$3.7 billion, with the S$1.04 billion acquisition of Singapore's Temasek Tower by a fund managed by Macquarie Global Property Advisors topping the list.

The first quarter saw the **Japanese** overnight call rate reach 0.5% for the first time in eight and a half years amid a steady improvement in economic conditions. Despite the increase in lending cost, overseas investors such as Australian LPTs and European funds continued to find Japanese properties attractive, benefiting from the still low interest rate environment and currency hedging opportunities.

Fuelled by strong economic fundamentals, **Hong Kong**'s property investment market saw persistent demand in the first quarter of 2007, in spite of episodes of stock market volatility that caused some investors to be more cautious. Both local investors and foreign funds remained keen to acquire quality office properties, especially in the CBD. Foreign institutions have now broadened their investment focus to include second-tier shopping centres in popular retailing locations.

The **Singapore** property investment market got off to a strong start in 2007 following a record-setting 2006. A total of S$10.13 billion of investment sales were recorded during the first quarter, with the

TOP 10 INVESTMENT DEALS (Q1 2007)

	City	District	Property	Sector	Approximate Transaction Value (US$)
1	Singapore	Shenton Way	Temasek Tower	Office	684,200,000
2	Tokyo	Chiyoda-ku	Mitsubishi UFJ Trust & Banking HQ Building (Sectional Ownership) *	Office	378,556,000
3	Seoul	CBD	Hanwha Building	Office	376,505,000
4	Singapore	4	Gillman Heights	Residential	360,906,000
5	Tokyo	Chiyoda-ku	Mitsubishi UFJ Research Institute Building *	Office	354,844,000
6	Singapore	9	Horizon Towers	Residential	329,294,000
7	Singapore	10	Anderson 18	Residential	314,607,000
8	Tokyo	Tokyo	A portfolio of two office buildings and five multi-family properties	Office/ Residential	317,327,000
9	Seoul	CBD	Myeongji Building	Office	276,419,000
10	Osaka	Chuo-ku	Itochu Building	Office	271,003,000

** Asset swap transaction*
Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

69% y-o-y increase attributed to the large number of development sites sold during the quarter. Strong investment appetite was also witnessed in the collective purchase of residential properties and office developments.

Domestic property funds, REITs and institutional investors drove investment sales in **Seoul** during the quarter under review. Activity was concentrated in the office sector, which was made attractive by the steady increase in rentals resulting from continued tightening in supply. However, the recent appreciation in capital values has led to a decline in office yields.

In **China**, the Central Government's ongoing imposition of macro-control measures has not dampened investor optimism and enthusiasm, while the China Property Law passed in the first quarter boosted investor confidence in long-term property investment since it clarified the status of land-use rights upon the expiration of land leases.

Shanghai began 2007 on a positive note, with Morgan Stanley purchasing 219 units of Novel City, a residential project located in Xujiahui. Other significant deals included Japan-based New City Corporation's acquisition of a logistics warehouse in Waigaoqiao. **Beijing** saw overseas investors such as Swire Properties and Carlyle Group announce investments in the city, as well as further en bloc office building purchases by domestic insurance companies.

Investment interest in acquiring office buildings has become keen in **Guangzhou**. However, the lack of en bloc Grade A office buildings available for sale has forced investors to search for opportunities in Grade B projects. In the quarter's largest transaction, Shenzhen CATIC Group and Guangdong Yilang Investment Co Ltd jointly acquired the mixed-use GITIC Plaza for RMB 1.13 billion.

The **Taipei** investment market was fairly active in the first quarter of 2007, recording several major transactions. AIG bought the Acer Building, an industrial office property located in Neihu, for roughly US$33.2 million in January and the following month saw Sinyi Realty purchase the Yageo Corporation Building in Xinyi-Jilong from Yageo for approximately US$150.9 million. Sinyi Realty will use the building as its headquarters.

In **India**, investors are displaying some caution despite stable yields as the Reserve Bank of India (RBI) moved to tighten market liquidity by raising interest rates. The Central Government's imposition of a service tax of 12.24% on rental income from commercial property, though currently being challenged in the courts, has also increased investor caution. New financing structures are emerging in India as property funds offer to partner with developers. Having gained experience through forming equity joint ventures for investment in ready-to-build projects, funds are now willing to consider partnering with developers to acquire land. Mezzanine financing with expected returns of around 15-18% (post tax) is also becoming increasingly popular. These kind of financing tools are proving to be very convenient arrangements enabling developers to obtain capital for land acquisitions which could not otherwise be financed through raising debt.

Elsewhere in Asia, regulatory changes in Indonesia and Malaysia are expected to stimulate real estate investment. Among other things, **Indonesia**'s new Investment Law abolished two-tier rules for domestic and overseas investors, while the **Malaysian** Government announced the abolition of the Real Property Gains Tax (RPGT) with effect from 1 April 2007. The RPGT amounted to 30% of the chargeable gains on properties disposed of within two years of acquisition, with the rate progressively dropping for longer holding periods.

Foreign investment in the **Philippines** has increased along with the recent marked improvement in the country's business climate. Sustained strong demand in the BPO/ITES industries has prompted more investment in developing BPO office facilities.

Though low consumer and investor confidence and the uncertain political situation have taken a toll on the **Thai** economy, the real estate sector continued to see investment activity in the first quarter, especially in popular resort locations. However, more stringent rules regarding foreign ownership of Thai companies have had a cooling effect on foreign keenness to participate in the Thai property market.

Seller	Buyer	Local/ Foreign Buyer	Transaction Date
CapitaLand	Fund managed by Macquarie GPA	Foreign	March-07
Mitsubishi Estate	Japan Real Estate REIT	Local	March-07
KORAMCO	Hanwha Chemical Corporation	Local	March-07
Collective Sale by owners	CapitaLand	Local	Feb-07
Japan Real Estate REIT	Mitsubishi Estate	Local	March-07
Collective Sale by owners	Hotel Properties and two foreign funds	Local/foreign	Jan-07
Collective Sale by owners	City Developments Limited and Wing Tai	Local	March-07
GE Real Estate	LCP Investment Corp	Local	March-07
Myeongji Hakwon	Midas International Asset Management	Local	Jan-07
Mulder SPC (an SPC of Kennedix)	KAG 3 Investment SPC (an SPC of Morgan Stanley)	Foreign	March-07

JAPAN TOKYO

Competition for prime office and retail properties remained intense during the first quarter as investors across the risk spectrum continued to seek a share of the rising market. One of the quarter's most notable office transactions was the JPY 44.7 billion asset-swap deal between Japan Real Estate REIT (JRE) and JRE's sponsor, Mitsubishi Estate. The deal involved the exchange of JRE's Mitsubishi UFJ Research Institute Building (built 1970, GFA 284,000 sf) in Otemachi for JPY 41.9 billion plus capital adjustment, in return for a 22.6% stake in Mitsubishi Estate's Mitsubishi UFJ Trust and Banking HQ Building (built 2003, GFA 1.2 million sf) in Marunouchi for JPY 44.7 billion.

Located adjacent to the landmark Shin Marunouchi Building, the Grade A Mitsubishi UFJ Trust and Banking HQ Building occupies one of the most prestigious land plots in Japan. JRE's share of the building currently generates an annual net operating income of JPY 1.62 billion, equating to an initial NOI yield of 3.6%.

In March, Nippon Building Fund (NBF) purchased Tasaki Shinju's Ginza store for approximately JPY 17 billion off an NOI cap yield of 3.3%, setting a new benchmark for reported prime retail transactions. Located a short distance from Ginza's central crossing and facing Chuo-dori, the 10-storey Jewelry Tower Tasaki will continue to be occupied by Tasaki Shinju under a long-term lease. Reported data suggests that Tasaki is paying market or near market rent given the property's limited frontage and irregular floor plate.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = JPY 118.08

			Approximate Price	
Sector	District	Property	Local Currency (JPY)	US$ Equivalent
Office	Chiyoda-ku, Tokyo	Mitsubishi UFJ Trust & Banking HQ Building (Sectional ownership)*	44,700,000,000	378,556,000
Office	Chiyoda-ku, Tokyo	Mitsubishi UFJ Research Institute Building*	41,900,000,000	354,844,000
Office	Chuo-ku, Osaka	Itochu Building	32,000,000,000	271,003,000
Office/ Residential	Tokyo	A portfolio of two office buildings and five multi-family properties	37,470,000,000	317,327,000

**Part of an asset-swap deal.*
Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

PEOPLE'S REPUBLIC OF CHINA HONG KONG

Property investor sentiment remained generally positive on the back of strong fundamentals and the optimistic economic outlook.

Investors were keen to acquire quality office properties, especially in the CBD where new supply is scarce. However the aggressive negotiating stands adopted by landlords saw the number of en bloc transactions fall. Notable transactions within the quarter included the purchase of Crocodile Houses 1 and 2 and Ananda Tower by Citigroup Property Investors for HK$1.07 billion and HK$450 million respectively.

Foreign institutional funds have now broadened their investment focus to include retail properties. Highlighting this trend, foreign funds acquired two Mong Kok shopping malls, Mong Kok Computer Centre and Golden Plaza, for HK$750 million and HK$530 million respectively.

Both investors and end-users sought out luxury residential properties, and the satisfactory results of two government land sales for luxury residential development sites in mid-March provided a further psychological boost to the market. The primary luxury condominium sales market was buoyant, with the sale of a penthouse at The Legend, Jardine's Lookout, at HK$128 million setting a record apartment price of HK$33,300 psf.

The industrial property sales market remained active in the first quarter. Major en bloc transactions included the acquisition of the Paul Y. Centre, an I/O building, in Kwun Tong for HK$1.15 billion and the Wai Yuen Tong Medicine Building in Kowloon Bay for HK$190 million.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = HK$7.8143

			Approximate Price	
Sector	District	Property	Local Currency (HK$)	US$ Equivalent
Office	Central	Crocodile Houses 1 and 2	1,070,000,000	136,928,000
Retail	Mong Kok	Mong Kok Computer Centre (G/F to 3/F)	750,000,000	95,978,000
Retail	Mong Kok	Golden Plaza	530,000,000	67,824,000
Industrial	Kwun Tong	Paul Y. Centre	1,150,000,000	147,166,000
Residential	Island South	The Hacienda	1,000,000,000	127,971,000

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SINGAPORE

The residential sector accounted for the lion's share of investment activity in the first quarter, with 61% of total investment sales or S$6.21 billion involving residential property. The quarter also saw two significant transactions in terms of absolute value: the collective sales of Gillman Heights to CapitaLand for S$548 million (S$363 psf/plot ratio) and Horizon Towers to a joint venture between Hotel Properties Ltd and two foreign funds for S$500 million (S$820 psf/plot ratio).

The commercial sector accounted for 31% of total investment sales or S$3.16 billion in the quarter under review, as investors remained keenly interested in acquiring office developments. The most notable transaction in the quarter was the sale of Temasek Tower to a fund managed by Macquarie Global Property Advisors for S$1.04 billion (S$1,550 psf).

The office block at VisionCrest and The House of Tan Yeok Nee were sold to Union Investment Real Estate AG for S$260 million (S$1,555 psf) while Singapore Exchange Ltd sold its stake in the SGX Centre to UOB Ltd for S$271 million (S$1,599 psf). In other activity, OCBC Bank and CapitaLand divested their stakes in Samsung Hub in separate transactions totalling S$275.3 million.

Investment in the industrial sector was largely driven by REIT-related purchases. Ascendas REIT's acquisition of five industrial properties for a total of S$81.7 million accounted for the bulk of industrial investment sales within the quarter. Cambridge Industrial Trust and the yet-to-be listed MacarthurCook Industrial REIT acquired properties for S$18.8 million and S$46.6 million, respectively.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = S$1.5184

			Approximate Price	
Sector	District	Property	Local Currency (S$)	US$ Equivalent
Office	Shenton Way	Temasek Tower	1,038,888,000	684,200,000
Residential	4	Gillman Heights	548,000,000	360,906,000
Residential	9	Horizon Towers	500,000,000	329,294,000
Residential	10	Anderson 18	477,700,000	314,607,000
Residential	18	Tampines Court	405,000,000	266,728,000

Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

SOUTH KOREA

SEOUL

The quarter saw a sizeable number of office properties change hands amid bullish market sentiment based on the prospect of further appreciation in capital values and the continued rising trend in rentals. Domestic private fund Midas International Asset Management was particularly active, purchasing the 640,500-sf Myeongji Building in the CBD from Myeongji Hakwon at KRW 260 billion. Midas also acquired the office portion of Namsan Trapalace, to be completed in 2010, paying approximately KRW 156 billion.

New City Corporation Korea disposed of Yoochang New City Tower, an office project scheduled for completion in 2008, for approximately KRW 162 billion. Korea Life Insurance purchased the building, which it has renamed the Korea Life Insurance Seocho HQ. KOCREF 1 REIT, to be liquidated in May 2007, disposed of its assets, namely Hanhwa Building, Daehan Building and Dae-a Building, during the review period. The properties' transaction prices were almost twice their capital values five years ago, when the REIT was established.

The quarter also saw substantial foreign interest in the Seoul office market. DBREi, a Deutsche Bank subsidiary, acquired two office buildings from Macquarie for a total of KRW 255 billion. European funds, especially German institutions, seeking long-term core investments were particularly active in searching for quality office investment opportunities. Their keenness remained undiminished despite the fact that recent capital value appreciation has led to a decline in office yields. Despite uncertainties resulting from frequent policy shifts and concerns about a possible bubble in the real estate market, the property market has remained enticing to domestic and international investors due to the attractive yield spread and buoyant market conditions.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = KRW 940.6

			Approximate Price	
Sector	District	Property	Local Currency (KRW)	US$ Equivalent
Office	CBD	Hanwha Building	354,140,345,000	376,505,000
Office	CBD	Myeongji Building	260,000,000,000	276,419,000
Office	Gangnam	Korea Life Insurance Seocho HQ	162,400,000,000	172,656,000
Office	CBD	Namsan Trapalace (office portion)	155,927,100,000	165,774,000
Office	Yeouido	Tongyang Securities Building	142,700,392,000	151,712,000

Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

INDIA — MUMBAI

India's property investment environment, especially the office property market, has been significantly impacted by changes announced in the new budget this quarter. These include changes in the tax treatment of capital gains and a new service tax on rental income from office property. Increases in interest rates and the significant reduction in yield spread have also led to a decline in investment activity by high net worth individuals, the primary investors in real estate.

Efficient capital gains planning is also likely to be disturbed since the government has placed a cap of US$110,000 on investments in long-term specified assets, also known as capital gains bonds, issued by the National Highway Authority of India (NHAI) and Rural Electrification Corporation (REC). Investors can reduce taxable capital gains levied by investing the amount of the gains from an asset transaction in capital gains bonds.

Another regulatory change, taxing rental income from commercial property at the current service tax rate of 12.24% starting from April 2007, will force investors to consider ways of maintaining net rental yields or see their net income drop. The Confederation of Real Estate Developers' Association of India (CREDAI) plans to fight the tax in the courts.

More reputed developers are opting to own malls they develop for long-term rental income instead of selling the space at completion. The advent of acquisitional interest by real estate-focused financial institutions provides developers a flexible exit mechanism and developers are increasingly willing to hold on to assets at the initial rental escalation stage, disposing of the property when rentals stabilise.

Some large retailers are committing to entire projects under construction in order to capture space in prime locations at reasonable prices. For instance, Reliance bought a mall being developed by ACME Builders in a prime location in a northern Mumbai suburb for INR 174 million during the first quarter.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = INR 43.47

			Approximate Price	
Sector	District	Property	Local Currency (INR)	US$ Equivalent
Retail	Mumbai	Hindustan Motors Garage project	174,000,000	4,003,000
Residential	Mumbai	Khira Nagar	900,000,000	20,706,000
Residential	Mumbai	Apollo Mills	274,000,000	6,304,000
Land	Mumbai	Ambuja Cement Factory	333,000,000	7,661,000

Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

INDIA — NEW DELHI

The series of RBI interest rate increases targeted at curbing inflation has dampened activity in the investment market, especially in the residential sector. The hike of 50 basis points in the Cash Reserve Ratio (expected to remove close to US$3.5 billion of liquidity from the market) in February, was the main force in driving up lending rates in the first quarter. Industrial Credit and Investment Corporation of India (ICICI), the country's largest housing loan provider, increased its benchmark advance rate by 200 basis points to 15.75% during the quarter, following which similar moves moves were made by other banks. Nevertheless, the supply-demand gap continues to exert upward pressure on rentals and capital values, with IT/ITES companies leading in absorbing new space.

The Master Plan for Delhi 2021, released in February and aimed partly at providing relief to traders and other parties affected by the prohibition of residential developments for commercial uses, is still awaiting the necessary approval from the Supreme Court. The sealed space will remain off the market until the fate of the mixed land-use system proposed in the new master plan is decided.

Office and retail property yields in the National Capital Region remained in a range of 7.5-10.5% in the first quarter.

Notable transactions during the quarter included the disposal of the 65,000-sf Gillette facility in the Global Business Park at Gurgaon, which was purchased by an individual investor through bidding for approximately US$226.4 psf. Another investor acquired around 10,000 sf in NBCC Place in Saket for approximately US$317.0 psf.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = INR 43.47

			Approximate Price	
Sector	District	Property	Local Currency (INR)	US$ Equivalent
Office	Haryana	Global Business Park (floors 5-9)	650,000,000	14,955,000
Office	Delhi	NBCC Place in Saket	154,000,000	3,543,000

Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

INDONESIA JAKARTA

In a bid to reinvigorate the economy and stimulate investment, Bank Indonesia cut the BI rate twice in the first quarter of 2007 with the rate ending the quarter at 9%, down 50 basis points. Interest rates have been in a downward cycle since May 2006 and the cycle is expected to continue, as Bank Indonesia has revealed that its target interest rate is 8.75%.

The falling lending rate is expected to further spur investment activity across all segments of the real estate sector, supporting present property price levels. The investment environment in Indonesia has also improved on the back of the favourable economic outlook and the implementation of new government policies regarding foreign investment. However, increasing demand, capital values and rents have yet to affect yield levels, which remained unchanged at 9-11% for prime office space; 10.5-12% for luxury residential; 9-11% for retail and 8-10% for industrial property during the first quarter.

No notable transactions were recorded in the first quarter. Meanwhile, large local developers such as the Bakrie Group and the Pakuwon Group remained active in investing in development projects, particularly mixed-use developments.

PT Graha Andrasentra (Bakrie's sister company) is developing the mixed-use Nirwana Epicentrum Superblock in the residential Bogor Nirwana Residence complex. The Epicentrum has a total land development area of approximately 10 hectares and will involve a total investment of around IDR 1.2 trillion. Slated to be developed by the Pakuwan Group's PT Artisan Wahyu, the mixed-use Gandaria Main Street project, located in South Jakarta, has a total investment value of IDR 2.5 trillion and will have office, retail, hotel and condominium components.

Foreign investment in Indonesia's manufacturing industry is increasing, with the spotlight being on the automotive sector. The first quarter witnessed an influx of funds from Hyundai, Renault and Suzuki related to their automotive plant development projects in Indonesia’s major industrial estates. Asking prices for serviced land in industrial estates remained stable, at IDR 300,000-450,000 psm, while the asking price for industrial land outside industrial estates was IDR 150,000-250,000 psm.

NO MAJOR TRANSACTIONS WERE RECORDED IN JAKARTA IN THE FIRST QUARTER OF 2007.

MALAYSIA (This section is contributed by CH Williams Talhar & Wong) KUALA LUMPUR

The Kuala Lumpur investment market was fairly quiet during the period under review following a flurry of activity in the fourth quarter of 2006. Notable transaction included OSK Property Holdings Berhad's purchase of the Atria Shopping Centre for RM 75 million (RM 314 psf) and the sale of the three-star Hotel Midah to a local investor for RM 29 million. In another notable transaction, Malaysian Airline System Berhad (MAS) sold its MAS Academy and Computer Centre to the Employees Provident Fund for RM 145 million. The disposal includes a subsequent leaseback arrangement to MAS for a period of five years, with a five-year renewal option.

Three major development plots were also sold, one involving an RM 140 million land sale (RM 1,369 psf) and related JV agreement between Malaysian Resources, CapitaLand (M) Investments and Quill Construction to develop a serviced apartment project on a 2.4-acre plot in KL Sentral. Pos Malaysia invested RM 69 million (RM 72 psf) to acquire a 22-acre site in the greater Kuala Lumpur area of Shah Alam to house its national Mail Processing Centre, and a half-acre development parcel in the Central area changed hands for RM 17.1 million (RM 841 psf).

The Government's decision to abolish the Real Property Gains Tax (RPGT) with effect from 1 April is expected to boost the property sector and spur investment activity by both overseas investors and local institutions. The current RPGT is levied at a sliding rate on the capital gains on properties disposed of, beginning with 30% for disposition within two years of acquisition.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = RM 3.4575

			Approximate Price	
Sector	District	Property	Local Currency (RM)	US$ Equivalent
Commercial	Petaling	MAS Academy and Computer Centre	145,000,000	41,938,000
Retail	Petaling	Atria Shopping Centre	75,000,000	21,692,000
Hotel	Kuala Lumpur	Hotel Midah	29,000,000	8,388,000
Site	Kuala Lumpur	About 2.4 acres of land at KL Sentral	140,000,000	40,492,000
Site	Petaling	About 22 acres of land at Shah Alam	69,000,000	19,957,000

Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

PHILIPPINES MANILA

Last year, investment in the Philippines' economic zones exceeded the Philippine Economic Zone Authority's 2006 target by 24.6% to amount to PHP 83.67 billion, as expansions by manufacturing and information technology companies continued unabated. The strong demand has spurred foreign investment in Business Process Outsourcing (BPO) facilities in the zones.

Ascendas, the Singaporean office and industrial parks developer, plans to invest about US$150 million in five office buildings for BPO firms in partnership with BPO facility provider Net Group. The project is located in the eSquare IT Special Economic Zone in Taguig City, Bonifacio Global City, Metro Manila. Net Quad, the fourth of the five office buildings in the project, started construction in the first quarter and is expected to come on stream in 2008.

The first quarter of 2007 also saw Dell Inc open its second Philippines call centre facility at the Eastwood Cyberpark in Libis, Quezon City. The company invested PHP 466 million in developing the new property.

Cathay Land is investing PHP 2 billion in at least five new projects at its 500-hectare South Forbes Golf City development in Sta. Rosa, Laguna. The projects include an 18-hole golf course, two condominium clusters fronting on the golf course and an additional a residential cluster. South Forbes will also feature a four-star hotel and a Cyberpark with build-to-suit BPO and call centre facilities.

The Board of Investments has provided tax incentives totalling PHP 439.28 million for four mass housing projects in order to address a nationwide housing backlog of 3.6 million units. The projects will be developed by different developers, with Firm Builders Realty Development Corp developing a project in Sibulan, Negros Oriental province; Filinvest Land Inc a project in Santo Tomas, Batangas; Stateland Inc a project in Cabuyao, Laguna; and Phinma Property Holdings Corp a project in the Novaliches area of Quezon City.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = PHP 48.25

			Approximate Price	
Sector	District	Property	Local Currency (PHP)	US$ Equivalent
Office/BPO	Bonifacio Global City	Net Quad (under development)	7,239,300,000	150,037,000

Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

PEOPLE'S REPUBLIC OF CHINA BEIJING

Beijing recently witnessed a wave of interest on the part of major domestic insurance companies who are actively acquiring properties for both long-term investment and self-occupation. The focus of their acquisitions has been on prime office buildings in the Finance Street and CBD areas, with several transactions finalised in the first quarter on the heels of two notable transactions recorded in late 2006. China Life Insurance acquired the F-1 building (1.18 million sf) for RMB 1.96 billion; while PICC purchased Tower C of the Silver Tai Building (807,300 sf) at the end of 2006, with part of the space expected to be launched in August.

Several major domestic developers are actively adding to their land banks after raising capital in the stock market in 2006 and have opted for projects generating steady income streams in order to satisfy shareholders. In January, Shimao Property Holdings announced that Beijing Shimao Investment & Development had acquired Huaping Plaza for RMB 1.05 billion. Located on Jianguo Road, Huaping Plaza has four floors of retail space and 17 office floors.

In February Swire Properties announced its first investment in Beijing, the acquisition of the Sanlitun project, which will be completed this year in partnership with the private-equity Gateway China Fund. The project consists of two sites with a combined area of over 581,300 sf, including retail space and a boutique hotel, with a total investment of RMB 4.8 billion. In addition, Sino-Ocean Real Estate Development Co Ltd announced in January that the Carlyle Group had acquired Tower B of Ocean International Centre, a 285,200-sf 228-unit residential building in Chaoyang at an undisclosed transaction price.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = RMB 7.7302

			Approximate Price	
Sector	District	Property	Local Currency (RMB)	US$ Equivalent
Office	Chaoyang	Huaping Plaza	1,050,000,000	135,831,000
Office	Xicheng	F-1 office building	1,960,000,000	253,551,000
Residential	Chaoyang	Tower B, Ocean International Centre (Tower B)	undisclosed	undisclosed

Transaction prices are reported according to the best of our knowledge but we do not guarantee their accuracy. Discrepancies may result due to rounding.

PEOPLE'S REPUBLIC OF CHINA — SHANGHAI

The Central Government's measures to curb property investment seem to be having a mixed impact on the market. While tightening up on cash flow, the closing of loopholes in the taxation system, interest rate increases and policy uncertainty have prompted some investors and developers to leave the market, some players continue to make property acquisitions due to optimism about the sustainability of China's economic growth, the continued appreciation of the RMB over the short-term and rapid wealth creation in Shanghai and across China's major urban centres.

In January Morgan Stanley purchased 219 residential units in Novel City near Xujiahui for RMB 527 million (about RMB 1,839 psf). In another notable transaction, UK property investment firm Grosvenor acquired the Vienna Plaza serviced apartment building in the Gubei District. The 148,500-sf property generates annual rental income of about RMB 12 million. The transaction price was not disclosed.

The city's rapidly developing logistics sector continued to attract investments in the first quarter of 2007. In January, Japan's New City Corporation purchased a 2.8 million-sf warehouse facility in Waigaoqiao for an estimated consideration of RMB 1.23 billion.

Domestic developer China Enterprise was also active, acquiring the Fuxi Building, a 19-storey Pudong office building, for RMB 320 million, and Luck Plaza, a mixed-use project in Changning, for RMB 762 million.

In March Hong Kong-listed Agile Property announced its acquisition of a mixed-use project near People's Park in the Huangpu District for RMB 1.75 billion from Jinchang Group. The project has a total GFA of about 1.23 million sf, including office, hotel and retail space and is scheduled for completion in 2009.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = RMB 7.7302

			Approximate Price	
Sector	**District**	**Property**	**Local Currency (RMB)**	**US$ Equivalent**
Mixed-use	Huangpu	A project near People's Park	1,753,000,000	226,773,000
Mixed-use	Changning	Luck Plaza	762,000,000	98,574,000
Office	Pudong	Fuxi Building	320,000,000	41,396,000
Residential	Xuhui	Novel City	527,000,000	68,174,000
Industrial	Pudong	Warehouse in Waigaoqiao	1,230,000,000	159,116,000

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PEOPLE'S REPUBLIC OF CHINA — GUANGZHOU

Guangzhou's investment market remained active in the first quarter of 2007, the largest transaction witnessed in the city being Shenzhen CATIC Group and Guangdong Yilang Investment's joint acquisition of GITIC Plaza for RMB 1.13 billion, with CATIC owning 75% stake and Guangdong Yilang holding 25%. GITIC Plaza is a mixed-use complex with office, retail, hotel and serviced apartment components.

In February, a Hong Kong entity acquired the office portion of the Haijing Holiday Inn Crowne Plaza situated near Tianhe Park, which is expected to come on stream before the end of the year. The GFA of the office portion is approximately 344,400 sf, and the project was sold at around RMB 10,000 psm (RMB 929 psf). The total consideration was undisclosed.

In order to revive distressed residential projects, the Guangzhou government has allowed construction to be resumed according to the original design, without being limited by the current regulation with respect to the ratio between large and small units. Distressed plots located in prime downtown areas offered for sale with clear land titles were highly sought after by large developers. Agile Group won the bid for two distressed land plots, located on Wenchang South Road and Tongfu Middle Road, for RMB 492 million or the equivalent of an accommodation price of approximately RMB 5,691 psm. Vanke purchased a plot in the Haizhu District for RMB 460 billion, the accommodation value of RMB 7,082 psm setting a record for a residential plot.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = RMB 7.7302

			Approximate Price	
Sector	**District**	**Property**	**Local Currency (RMB)**	**US$ Equivalent**
Mixed use	Yuexiu	GITIC Plaza	1,130,000,000	146,180,000
Office	Tianhe	Haijing Holiday Inn Crowne Plaza (floors 9-24)	undisclosed	undisclosed
Residential Site	Liwan/Haizhu	Liwan Wenchang Road South/Haizhu Tongfu Middle Road	492,000,000	63,646,000
Residential Site	Haizhu	Haizhu Fangzhi Road	460,000,000	59,507,000

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TAIWAN

TAIPEI

Increased investor optimism regarding the Taipei property market was reflected in the higher transaction volumes recorded for all property types during the first quarter of 2007. Major districts saw the completion of a number of transactions for en bloc buildings. Notable transactions included AIG's NT$1.1 billion purchase of the Acer Building, an industrial office property located in Neihu, and Sinyi Realty's purchase of an office building in Xinyi-Jilong for almost NT$5 billion for use as its new headquarters.

TFMI Asset Management, a subsidiary of Taiwan Fire & Marine Insurance, was reported to have purchased two floors of the 12-storey Asiaworld Shopping Mall, in Minsheng-Dunhua for NT$2 billion, while Cathay Life purchased several floors of the CEC Dunnan Building from Lone Star for NT$3.87 billion.

Taiwan's leading developer Farglory Land Development purchased the Fortuna Hotel, located on Zhongshan Road, for NT$2.61 billion. Despite the fact that there are three residential projects under development in the vicinity, Farglory plans to demolish the hotel and construct a luxury apartment complex on the site. The surge of residential developments in the Zhongshan District is expected to boost housing prices in the precinct.

The persistence of Taiwan's low interest rate environment has been one factor attracting local and overseas investors seeking to acquire viable investment properties. The increased investment interest and activity, as well as the shrinking number of properties available and suitable for investment are expected to lead some developers and investors to expand their investment scope to include the acquisition of halted developments or inferior buildings in good locations.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = NT$33.092

			Approximate Price	
Sector	District	Property	Local Currency (NT$)	US$ Equivalent
Office	Xinyi-Jilong Area	Yageo Corporation Building	4,995,000,000	150,943,000
Office	Minsheng-Dunhua Area	Several floors of the CEC Dunnan Building	3,865,000,000	116,796,000
Industrial	Neihu Industrial Park	Acer Building	1,100,000,000	33,241,000
Retail	Minsheng-Dunhua Area	Asiaworld Shopping Mall (1-2/F)	2,011,111,000	60,773,000
Hotel	Zhongshan North Road	Fortuna Hotel	2,610,000,000	78,871,000

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THAILAND

BANGKOK

"Cash-rich" local investors and foreign investors familiar with Thailand continued to invest in land and well-located property developments during the first quarter of 2007 despite the slowdown in the Thai economy. However, unclear foreign investment policies and tougher regulations have discouraged prospective overseas investors, with many adopting a wait-and-see attitude.

Land plots and hotels in major tourist destinations such as Phuket, Krabi and Phang Nga remained the major focus of investor attention, attracting both long-term overseas investors and several new investors from the Middle East. Destination Properties remained active in the Phuket resort market, following its 2006 acquisition of The Kamala Bay Terrace Resort and Felix Resort Phuket with the purchase of the 256-room Surin Beach Resort during the first quarter. The total value of this transaction was not disclosed.

Tanayong Plc announced a joint venture with a group of investors including Winnington Capital, a strategic investor based in Hong Kong. The joint venture company, Kamala Beach Resort & Hotel Management Co Ltd purchased an estimated 118 acres of land in Phuket on which it will build private villas for sale and a hotel. The JV will reserve part of the land area for future development.

In the industrial sector, TICON Property Fund acquired three factories at the Nava Nakhon Industrial Park from TICON Industrial Connection Plc. The total price of this acquisition was US$3.4 million.

MAJOR TRANSACTION RECORDS (Q1 2007)
EXCHANGE RATE: US$1 = THB 35.01

			Approximate Price	
Sector	District	Property	Local Currency (THB)	US$ Equivalent
Residential	Nonthaburi	40 housing units	659,000,000	18,823,000
Site	Kamala beach, Phuket	Site (118 acres)	900,000,000	25,707,000
Site	Bangkok	Site (1.97 acres)	600,000,000	17,138,000
Site+65% completion	Bangkok	The Inspire Rama IX	475,000,000	13,568,000
Site	Bangkhen, Bangkok	Site (10 acres)	410,000,000	11,711,000

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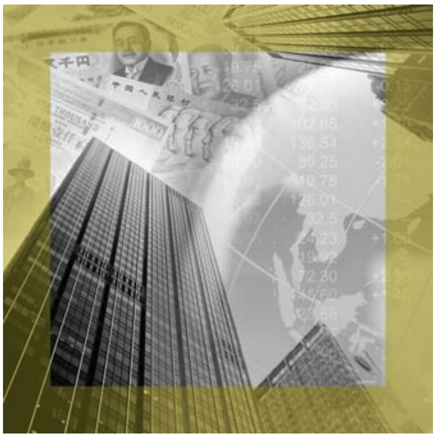
ASIAN INVESTMENT MARKET FLASH

Q1 2007



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