



# REITS AROUND ASIA 2H 2009

CBRE RESEARCH | ASIA

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CB RICHARD ELLIS



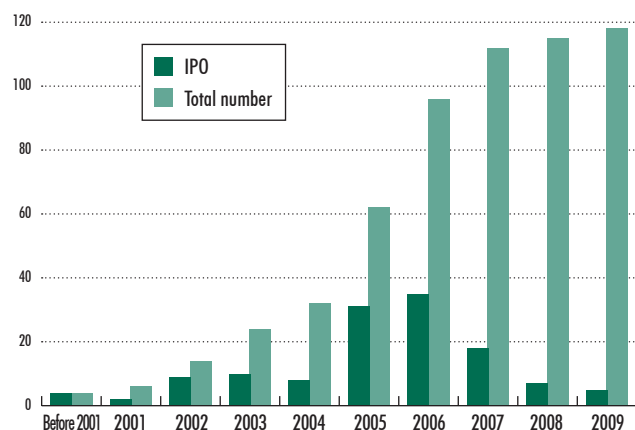
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# MARKET OVERVIEW

## NUMBER OF LISTED REITS / PROPERTY FUNDS IN ASIA



Source: CBRE Research

## REIT IPOs (2H 2009)

MARKET	NAME OF REIT	LISTING DATE	MARKET CAPITALISATION (US\$ MILLION) AS OF END DEC 09
Thailand	Sala @ Sathorn Property Fund	10-Aug-09	24.4
	MFC-Strategic Storage Fund	11-Aug-09	18.2
	101 Montri Storage Property Fund	14-Aug-09	17.9
	TPARK Logistics Property Fund	16-Dec-09	47.4

Asian REITs continued to recover in the second half of 2009 as the stock markets in Asia improved overall and conditions in the credit market became more relaxed. The total market capitalisation of Asian REITs rose 17.6% in the second half and 34.5% for the whole of 2009 thanks to the recovery in prices and the issuance of new shares. The market size of Asian REITs has yet to recover to pre-crisis levels, with their market capitalisation as of the end of 2009 still 17.4% lower than that recorded at year end 2007.

### Second half of 2009 sees increase in refinancing and consolidation activity

The review period saw a rise in corporate activity in the Asian REIT market, mostly involving mergers and consolidation or refinancing. In Japan, four mergers involving J-REITs were announced following revisions to the tax code that clarified the definition of distributable profit, thereby clearing a former obstacle to acquisition or consolidation. Nippon Residential Investment, sponsored by the bankrupt Pacific Holdings, agreed to merge with Advance Residential Investment, while the failed New City Residence J-REIT selected Daiwa House Industry Co as its new sponsor and will merge with BLife Investment Corporation. LaSalle Japan REIT agreed to be absorbed by Japan Retail Fund while Tokyo Growth REIT and LCP REIT also announced plans to combine. The above mergers are scheduled to be completed within the first half of 2010.

In Singapore, Australia-based investor AMP Capital acquired a 19.2% stake in MacarthurCook Industrial REIT (subsequently renamed AIMS AMP Capital Industrial REIT) and a 50% holding in the REIT's management company for S\$54.1 million (US\$38.5 million). The portfolio of MacarthurCook Industrial REIT was valued at approximately S\$494 million (US\$351.5 million) as of 30 September 2009, reflecting a substantial discount on the acquisition price.

In the second half, the overall credit condition of Asian REITs improved as most managed to refinance or extend their loan obligations and advance their unit prices. The review period saw several J-REITs seek to collectively raise over JPY 65 billion (US\$706 million) capital through new share issuances. In October, Nippon Accommodations REIT announced plans to raise a maximum of JPY 20.5 billion (US\$220.7 million) through

## ASIAN LISTED REITS / PROPERTY FUNDS AS OF END DECEMBER 09

MARKET	STOCK MARKET INDEX	STOCK INDEX CHANGE FROM END JUN 2009	NO. OF LISTED REITS	AVG. DIVIDEND YIELD*	10-YR GOV'T BOND YIELD	REIT MARKET CAP (US\$ MILLION)
Japan	10,546.44	5.90%	41	6.81%	1.30%	29,473
Singapore	2,897.62	24.19%	21	7.74%	2.66%	20,617
Hong Kong	21,872.50	19.01%	7	6.47%	2.58%	9,521
South Korea	1,682.77	21.06%	3	8.71%	5.39%	132
Taiwan	8,188.11	27.30%	8	4.11%	1.54%	1,800
Thailand	734.54	22.94%	26	9.30%	4.18%	1,972
Malaysia	1,272.78	18.37%	12	8.27%	4.25%	1,540

\* CBRE changed the calculation methodology of average dividend yield from simple average to weighted average by market capitalisation in 1H 2008.

Source: CBRE Research, Bloomberg

the issue of 42,000 shares, while November saw Kenedix REIT raise roughly JPY 8.5 billion (US\$91.5 million) through a public stock offering. December saw Japan Real Estate REIT announce a public offering of 42,000 new units to raise approximately JPY 25.1 billion (US\$270.2 million), while Nomura Real Estate Residential Fund raised JPY 11.5 billion (US\$124 million). The establishment of the Kanmin Fund, a Public-Private Real Estate Market Stabilisation Fund, during the review period also helped boost public confidence in the J-REIT sector. The Kanmin Fund is expected to have total capital of JPY 450-500 billion (US\$4.8-5.4 billion).

REITs in Singapore also saw a flurry of fund raising activity via the placement of new units and rights issues. Through the private placement of new shares, Suntec REIT raised gross proceeds of S\$153 million (US\$108.8 million) at S\$1.19 per unit while Ascendas REIT raised S\$301.6 million (US\$215 million) at S\$1.63 per unit. In December, CapitaMall Trust completed a rights issue at S\$0.82 each to raise a gross amount of S\$1.23 billion (US\$877 million).

However, despite the improvement in Asian stock market overall in the second half, the IPO market for Asian REITs remained sluggish, with just four new real estate funds listed in Thailand and 12 new REITs established as non-listed trusts in South Korea.

### Overall real estate fundamentals weaken

Notwithstanding the overall improvement in the Asian regional economy in the second half of 2009, the commercial property sector in many cities around the region continued to see declines in rentals and occupancy. Hence, the performance of Asian REITs varied over the second half of 2009. REITs in Singapore and Hong Kong generally outperformed the overall stock market, but the J-REIT Index saw 8.2% decline over the review period compared to a minor 5.9% increase in Nikkei 225 Index. The weaker performance of J-REITs was due to a combination of factors including fragile Japanese economic and real estate fundamentals, the strong yen and dilution through public offerings.

The period saw a number of Asian REITs announce plans to cut distribution payouts due to weaker real estate fundamentals. In Singapore, Saizen REIT suspended distribution payouts following its fiscal second quarter because of credit problems. In Hong Kong, Champion REIT reduced its dividend payout ratio from 100% to 90% and expressed concern over potential tenant relocation to newly completed office buildings in decentralised

areas. A number of Taiwanese REITs also reported a modest fall in distributable income. Fubon No. 2 REIT recorded a 5.5% q-o-q decrease in rental rates while Gallop No. 1 REIT saw a significant drop in occupancy following the relocation of a major tenant from the CTCI building.

### Selected Asian REITs re-emerge as real estate buyers

As most Asian REITs resolved their refinancing problems and managed to raise fresh capital during the second half, several began to acquire properties ahead of the full recovery of the real estate market. In the largest transaction recorded during the second half, Japan Real Estate acquired a 30% stake in the Shiodome Building in Minato-ku, Tokyo for JPY 54.6 billion (US\$588 million) at a 5.5% NOI cap rate on in-place rents. The final quarter of 2009 saw residential J-REITs make significant acquisitions. In October, the Nippon Accommodations Fund acquired 18 apartment buildings in Tokyo, Sendai, Sapporo and Fukuoka for a total of JPY 42.6 billion (US\$459 million).

Elsewhere, Singapore's Fortune REIT acquired the Metro Town and Caribbean Coast retail podiums in Hong Kong from its parent company for US\$187 million, while K-REIT acquired six floors of the Prudential Tower for US\$75 million. Korean REITs were also active. KORAMCO launched KOCREF 15 CR-REIT to acquire the Insong building for KRW 115 billion (US\$99 million) for its initial portfolio ahead of an IPO planned to take place in the first half of 2010.

### Asian REIT market should continue to improve in 2010

With concerns over the financial condition of Asian REITs largely alleviated, investors will renew their focus on portfolio expansion and growth in distributable income. Further acquisitions are likely in the coming year as Asian REITs look to enhance their portfolio quality ahead of the full recovery of the real estate market. 2010 will probably see the resumption of the IPO market for REITs. Among the major REIT markets in the region, it appears that Singaporean REITs are making better progress in returning to growth while the non-listed portion of the Korean REIT market will also see robust expansion. The J-REIT sector could see further consolidation following the regulatory change regarding tax treatment of REIT-related M&A transactions but the overall outlook is now much more positive as compared to six months ago.

## TOP TEN ACQUISITIONS BY ASIAN REITs (2H 2009)

COUNTRY	CITY	SECTOR	PROPERTY	US\$ (MILLION) EQUIVALENT	BUYER
Japan	Tokyo	Office	30% share in Shiodome Building	588	Japan Real Estate REIT
Japan	Various Cities	Residential	Park Axis Property Portfolio (18 Properties)	459	Nippon Accommodations Fund Inc
Hong Kong	Hong Kong	Retail	Metro Town	187	Fortune REIT
Malaysia	Kuala Lumpur	Retail	Starhill Gallery	187	Starhill Global REIT
Japan	Tokyo	Office	Sumitomo Shoji Nishikicho Building	137	TOP REIT
Malaysia	Kuala Lumpur	Retail	Lot 10 Shopping Centre	117	Starhill Global REIT
Japan	Tokyo	Office	Ryoshin Harajuku Building	90	Japan Prime Realty Investment Corporation
Singapore	Singapore	Office	Prudential Tower (six storeys)	75	K-REIT
Japan	Chiba	Industrial	A warehouse in Chiba	58	Mapletree Logistics Trust
Hong Kong	Hong Kong	Retail	Caribbean Coast	55	Fortune REIT

# HONG KONG

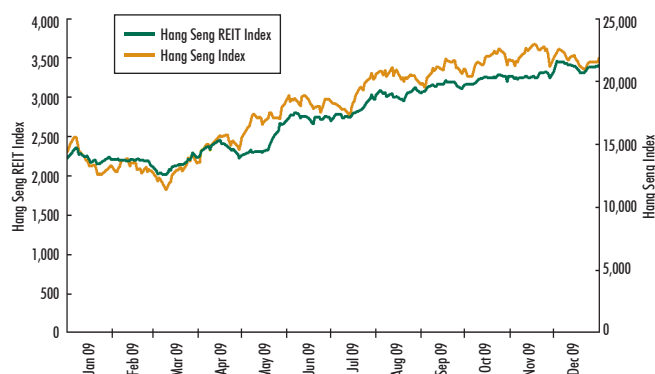
The Hong Kong REIT market recorded a 24.2% increase in market-cap weighted average price over the second half of 2009, outperforming the Hang Seng Index, which gained 19%. The total market capitalisation of H-REITs rose by 25.4% during the review period, resulting in the compression of the weighted dividend yield to 6.47% from 8.21% recorded in the first half. Although the overall Asian capital market revived in the second half of the year with more IPOs, no new H-REITs were listed during the review period.

The challenging market conditions witnessed in 2009 meant the rental growth performance of H-REITs varied depending on their underlying real estate portfolio. Link REIT, Regal REIT and Sunlight REIT were all able to maintain growth in distribution income. Link REIT reported a 19.3% y-o-y increase in its total distribution income to HK\$1.055 billion while its DPU increased 18.3% y-o-y to HK\$0.4835 for the first half year ended 30 September 2009, mainly attributable to the high occupancy rate and strategy of refurbishing its existing projects to improve rental income. Elsewhere, the continued growth in inbound tourists ensured Regal REIT increased its DPU by 2.4% y-o-y to HK\$0.085 for the first six months of 2009, while Sunlight REIT increased its DPU by 1.5% y-o-y to HK\$0.2456 for FY 2009 due to the low vacancy rate and growth in gross rental income.

The review period saw Champion REIT reduce its dividend payout ratio from 100% to 90%. The H-REIT has expressed concern over potential tenant relocation to newly completed office buildings in East Kowloon during 2010. Meanwhile, RREEF China Commercial Trust's DPU decreased by 21.7% y-o-y to HK\$0.1465 for the first half of 2009 as its occupancy rate decreased further to 85.4% in mid-2009 from 96.3% in mid-2008, partly due to the relocation of a major tenant to a self-owned building. This latter H-REIT has recently announced plans to delist from the exchange.

H-REITs continued to be inactive in acquiring new properties during the review period with just one connected transaction completed. Regal REIT successfully acquired an 84% interest in a 26-storey office building in Wan Chai from its major shareholder, Paliburg Holdings Limited, for a total consideration of HK\$210 million (US\$27 million). Paliburg has agreed to convert approximately 43% of the total GFA (58,870 sf) of the property into a hotel comprising a coffee shop and 50 hotel rooms, with a total cost of approximately HK\$30 million. The remaining portion of the property will continue to be leased as offices to various tenants. Paliburg agreed to lease back the property until 31 December 2010, paying a monthly rent of

## H-REIT PRICE MOVEMENT (JAN 09 – DEC 09)



HK\$2 million (US\$258,065) to the H-REIT during the term of the lease agreement. The fixed monthly rental will allow the H-REIT to reduce business risk during the conversion period.

Link REIT completed work on three shopping centres during the review period at a total cost of HK\$217 million (US\$28 million) and will continue to renovate four other shopping centres at a total cost of HK\$328 (US\$42.3 million) in the first quarter of 2010. These asset enhancement schemes have allowed Link REIT to increase its rental income but the frequent increases in rents and adjustments to the tenant mix has meant that smaller tenants in Link REIT's malls are finding it increasingly difficult to survive. The H-REIT is likely to face higher resistance to future rental hikes from both tenants and the public.

Most H-REITs do not have any urgent need to refinance as most of their borrowings will mature from 2011 onwards. Only Prosperity REIT, which has a term loan of HK\$1.77 billion (US\$228 million) on its balance sheet, needs to refinance before December 2010. As the credit market has improved significantly compared to the second half of 2008 Prosperity REIT is likely to be successful in refinancing in debt.

H-REITs will continue to refrain from making new acquisitions in the first half of 2010. Launching new H-REITs will remain challenging in the short term as most local property developers are demonstrating a preference to list as stocks instead of REITs. Nevertheless, compared to December 2009's Hang Seng Index weighted average dividend yield of 2.99%, H-REITs remain attractive for investors targeting high yield investments, with most H-REITs (except Link-REIT) currently posting a dividend yield of over 8%.

## REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (HK\$)	CLOSING PRICE 31 DEC 09 (HK\$)	% CHANGE SINCE JUN 09	52-WEEK HIGH (HK\$)	52-WEEK LOW (HK\$)	DISTRIBUTION YIELD (DEC 09)
The Link REIT	25-Nov-05	10.300	19.82	19.83%	20.35	12.82	4.62%
Prosperity REIT	16-Dec-05	2.160	1.33	25.47%	1.40	0.83	8.51%
GZI REIT	21-Dec-05	3.075	2.94	16.67%	3.06	1.63	8.17%
Champion REIT	24-May-06	5.100	3.30	29.92%	3.39	1.54	8.18%
Sunlight REIT	21-Dec-06	2.600	1.92	26.32%	2.06	1.13	12.79%
Regal REIT	30-Mar-07	2.680	1.65	47.32%	1.70	0.84	10.28%
RREEF CCT REIT	22-Jun-07	5.150	3.24	20.00%	3.63	2.05	10.00%

# JAPAN

After struggling for 18 months J-REITs started to firm up in the second half of 2009 thanks to the emergence of a better financing environment and stronger government support. The Kanmin Fund, a Public-Private Real Estate Market Stabilisation Fund with total capital expected to reach JPY 450-500 billion (US\$4.8-5.4 billion) was launched during the review period to provide financial support to the J-REIT sector. The initiative was welcomed by the market with the safety-net offered by the bail-out fund alleviating concerns over the ability of some J-REITs to refinance maturing loans. The weighted average dividend yield for the 41 listed J-REITs ended the second half at 6.81%. With the 10-year Japanese Government Bond (JGB) yield at 1.29% in December, the yield spread was 552 bps, almost unchanged from June. The J-REIT Index fell 8.2% during the second half against a 5.9% gain in the Nikkei 225 Index. The weaker performance of J-REITs was due to a combination of factors including fragile economic and real estate fundamentals, the strong yen and dilution through public offerings.

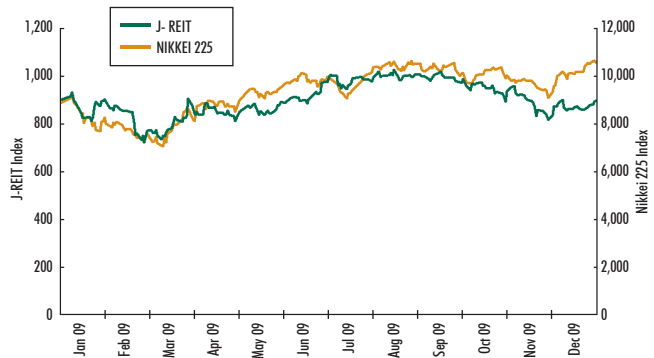
The second half saw the announcement of the first ever mergers within the J-REIT sector. They followed revisions to the tax code that clarified the definition of distributable profit, thereby clearing a potential obstacle to acquisition or consolidation. In August, Advance Residence Investment (ARI) and Nippon Residential Investment (NRI) finalised terms to merge, with effect from March 2010. Under the agreement, ARI, sponsored by Itochu Corp, will merge with NRI, sponsored by the bankrupt Pacific Holdings Inc, to become the largest residential specialised J-REIT with a portfolio of 187 properties.

In September creditors of the failed New City Residence J-REIT (NCR) rejected rehabilitation plans put forward by Lone Star and instead selected Daiwa House Industry Co as the J-REIT's new sponsor. Daiwa House Industry will buy JPY 6 billion (US\$66 million) of New City's new investment units in January 2010 through a private placement and merge with BLife Investment Corporation no later than 1 April 2010. The merger will be at a ratio of one NCR share for 0.23 BLife shares. In October, LaSalle Japan REIT (LJR) agreed to be absorbed by Japan Retail Fund (JRF). LJR will be delisted following the merger which will be completed in March, with Mitsubishi Corporation and UBS Realty operating the combined funds. The J-REIT will continue to specialise in retail properties with the gradual disposal of LJR's office and residential assets.

Further consolidation occurred in November when Tokyo Growth REIT (TGR) and LCP REIT (LCP) revealed plans to combine on 1 February 2010. The merged entity, to be called the Invincible REIT, will have approximately JPY 130 billion (US\$1.4 billion) of assets under management based on acquisition prices.

Sensing a slight improvement in sentiment towards the J-REIT sector, the second half saw several J-REITs seek to raise capital through new share issuances. In October, Nippon Accommodations REIT announced plans to raise a maximum of JPY 20.5 billion (US\$220.7 million) through the issue of 42,000 shares, whilst November saw Kenedix REIT raise roughly JPY 8.5 billion (US\$91.5 million) through a public stock offering of 33,550 shares. December saw Japan Real Estate REIT announce a public offering of 42,000 new units to raise approximately JPY 25.1 billion (US\$270.2 million) and Nomura Real Estate Residential Fund REIT issue 27,400 new shares to raise JPY 11.5 billion (US\$123.8 million).

## J-REIT PRICE MOVEMENT (JAN 09 – DEC 09)



J-REITs re-emerged as buyers in the fourth quarter with those having recently raised capital being particularly active. In the largest transaction concluded by a J-REIT during the second half, October saw Japan Real Estate (sponsored by Mitsubishi Estate) acquire a 30% share in Shiodome Building in Minato-ku, Tokyo for JPY 54.6 billion (US\$588 million). Developed by a consortium comprising Mitsubishi Estate, Mitsui Fudosan, Tokyu Land & Heiwa Real Estate, the Shiodome Building was completed in 2007 and comprises 24 upper and two basement floors with a NLA of 1.25 million sf. The acquisition price was estimated to equate to a 5.5% NOI cap rate on in-place rents.

The fourth quarter also saw residential focused J-REITs make significant acquisitions. In October, the Nippon Accommodations Fund J-REIT (NAF) acquired 18 residential apartment buildings in Tokyo, Sendai, Sapporo and Fukuoka for a total of JPY 42.6 billion (US\$458.6 million). The most expensive property was Park Axis Toyosu in Koto-ku, Tokyo, which was purchased for JPY 14.3 billion (US\$153.9 million). Built in 2008, the property comprises 401 apartments and two retail units over 20 upper floors and one basement with a NLA of 275,000 sf. Facilities include a fitness room and spa. The cap rate is estimated at 6.1% based on appraised net operating income. The building was acquired from Mitsui Fudosan Residential in a related party transaction. Other acquisitions which took place in the fourth quarter included Park Axis Sendai in Wakabayashi-ku, Sendai City, which was built in 2008 and has 204 units over 13 floors and a NLA of 95,200 sf. The building was purchased from Mitsui Fudosan for JPY 2.32 billion (US\$25 million) at a reported 7.3% NOI cap rate. NAF also announced the disposal of Park Axis Ichigaya, Shinjuku-ku, Tokyo to Dai Nippon Printing for JPY 3.1 billion (US\$33.4 million). The property was part of the J-REIT's initial portfolio and the sale realised a JPY 530 million (US\$5.7 million) gain over the August 2006 acquisition price of JPY 2.57 billion.

November saw Nomura Residential Fund acquire four apartment buildings in Tokyo for JPY 9.98 billion (US\$107 million). The largest of the properties was The Palms Nihonbashi-Yokoyamacho (to be renamed Urban Stage Nihonbashi-Yokoyamacho) in Chuo-ku, Tokyo. Completed in 2008, the building comprises 12 upper floors and one basement with 121 apartments and three office/retail units and a NLA of 63,800 sf. It was acquired from Tosei for JPY 3.53 billion (US\$107.4 million) at an estimated 6.1% NOI cap rate.

## REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (JPY)	CLOSING PRICE 31 DEC 09 (JPY)	% CHANGE SINCE JUN 09	52-WEEK HIGH (JPY)	52-WEEK LOW (JPY)	DISTRIBUTION YIELD (DEC 09)
Nippon Building Fund	10-Sep-01	625,000	706,000	-14.53%	1,007,000	676,000	5.70% *
Japan Real Estate Investment	10-Sep-01	525,000	684,000	-14.61%	862,000	612,000	5.59%
Japan Retail Fund Investment	12-Mar-02	470,000	417,000	-6.50%	522,000	302,000	7.26%
ORIX JREIT	12-Jun-02	520,000	462,000	4.52%	505,000	280,000	7.55%
Japan Prime Realty Investment	14-Jun-02	200,000	192,600	-7.85%	258,000	143,000	5.44% *
Premier Investment Company	10-Sep-02	480,000	304,000	-11.63%	403,000	216,000	10.25%
TOKYU REIT	10-Sep-03	505,000	498,000	-4.60%	619,000	406,000	6.38%
Global One Real Estate Investment	25-Sep-03	495,000	629,000	-10.40%	767,000	561,000	6.59%
Nomura Real Estate Office Fund	4-Dec-03	505,000	504,000	-17.92%	683,000	456,000	6.98%
United Urban Investment	22-Dec-03	484,000	490,000	18.36%	550,000	331,000	7.18%*
Mori Trust Sogo REIT	13-Feb-04	753,000	749,000	9.02%	770,000	572,000	6.09%
Nippon Residential Investment	2-Mar-04	509,000	226,800	-4.75%	274,500	35,350	7.69% *
TGR Investment	17-May-04	400,000	91,500	-27.95%	151,800	59,000	12.48%*
Frontier Real Estate Investment	9-Aug-04	550,000	660,000	6.97%	708,000	443,000	5.61% *
CRESCENDO Investment	8-Mar-05	500,000	117,600	-36.16%	191,900	89,000	9.97%*
Japan Logistics Fund	9-May-05	650,000	682,000	5.90%	749,000	452,000	4.77%
Fukuoka REIT	21-Jun-05	880,000	486,000	12.24%	537,000	314,000	7.29%
Prospect Residential Investment	12-Jul-05	480,000	76,000	-47.22%	165,000	40,800	14.21%
Japan Single-residence REIT	13-Jul-05	530,000	106,800	-22.38%	149,800	42,950	9.44%
Kenedix Realty Investment	21-Jul-05	580,000	254,000	-23.95%	356,000	125,200	8.93%
Joint Reit Investment	28-Jul-05	530,000	182,100	-16.47%	249,700	98,000	8.65%
LaSelle Japan REIT	7-Sep-05	500,000	118,300	-17.16%	152,800	60,200	12.70%
FC Residential Investment	12-Oct-05	475,000	200,000	-4.53%	219,900	127,600	7.87%
DA Office Investment	19-Oct-05	515,000	197,800	-25.53%	353,000	106,500	7.68%*
Hankyu REIT	26-Oct-05	620,000	355,000	-15.88%	449,000	337,000	8.05%*
Advance Residence Investment	22-Nov-05	480,000	355,000	6.61%	395,000	272,000	7.31%*
Starts Proceed Investment	30-Nov-05	200,000	82,300	-15.85%	105,000	49,800	10.42%
LCP Investment	23-May-06	460,000	69,200	-35.33%	116,100	40,200	9.72%
Japan Hotel and Resort, Inc.	15-Feb-06	520,000	129,300	-27.93%	187,700	94,000	9.21%
Top REIT, Inc.	1-Mar-06	550,000	413,000	10.72%	437,000	285,500	6.26%
Japan Office Investment	15-Mar-06	500,000	91,000	-9.54%	123,000	60,300	6.84%
BLife Investment	22-Mar-06	500,000	409,000	53.82%	520,000	175,100	4.80%*
Nippon Hotel Fund Investment	14-Jun-06	480,000	135,500	-21.36%	215,000	129,000	14.26%
Japan Rental House Investment	22-Jun-06	450,000	143,700	27.73%	187,800	48,650	5.15%
Japan Excellent, Inc.	27-Jun-06	520,000	413,000	0.98%	495,000	298,000	7.46% *
Nippon Accommodations Fund	4-Aug-06	580,000	486,000	12.24%	532,000	359,000	5.81%
MID REIT	29-Aug-06	510,000	196,300	-8.82%	238,500	126,500	10.18%*
Nippon Commercial Investment	26-Sep-06	470,000	135,500	-26.91%	201,000	41,000	13.23%
Mori Hills REIT Investment	30-Nov-06	750,000	285,100	-22.10%	387,000	223,400	9.26%
Nomura Real Estate Residential Fund	14-Feb-07	630,000	337,000	-13.59%	445,000	287,600	8.22%*
Industrial & Infrastructure Fund	18-Oct-07	480,000	245,400	-7.40%	286,000	180,100	8.67% *

\* Includes forecast dividends

# SINGAPORE

The market cap-weighted average S-REIT price rose 35% in the second half, eclipsing the 24.2% rally recorded in the Straits Times Index during the same period. S-REITs have generally survived the credit market squeeze triggered by the global financial crisis and most were able to refinance their maturing debt obligations in 2009 whilst also benefiting from a share price recovery. In addition, the easing of credit conditions has allowed bank funding to flow more easily, aiding S-REITs. No new S-REIT IPO was listed during the review period.

S-REITs continued to be affected by market concerns over earnings as property rents and occupancy rates dropped and debt levels become more burdensome as credit lines froze during the course of the year. Saizen Reit suspended distribution payouts following its fiscal second quarter because of credit problems.

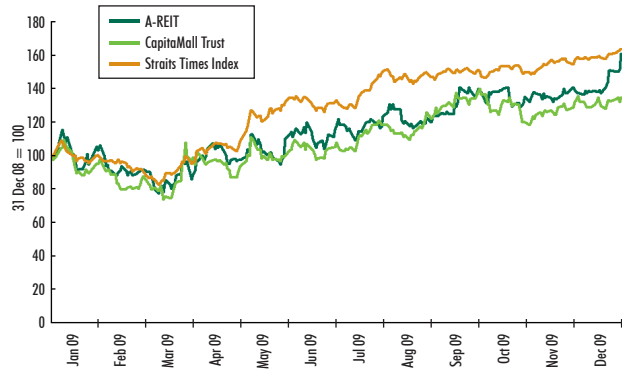
More recently, the public tussle between MacarthurCook Industrial REIT (MI REIT) and Cambridge Industrial REIT (a unitholder of MacarthurCook) about the former's recapitalisation plan highlighted the financing issues that the sector has had to contend with. Subsequently, Australia-based investor AMP Capital acquired a 19.2% stake in MI REIT (renamed to AIMS AMP Capital Industrial REIT) and became its cornerstone investor in November 2009.

Nevertheless, most S-REITs were able to deliver decent yields in the third quarter of 2009. Looking at annualised distributions per unit (DPU) in the third quarter of the calendar year and closing unit prices at the end of September, the weighted average distribution yield of 19 S-REITs that distributed dividends during the year was 7.7% (excluding Saizen REIT and Indiabulls). Investors are thus increasingly looking at S-REITs as yield instruments rather than for capital gains.

While S-REIT prices have increased since early 2009, they still offer investors a relatively liquid way to gain exposure to Asian real estate across a number of different sectors and geographies. With credit markets being more stable, Singapore has a well-positioned listed REIT sector for investors to diversify their property exposure. Generally well managed by professional managers, S-REITs are unlikely to go under, and while their price movements can be volatile, S-REITs are considered a fairly safe haven in the long term.

2010 should see S-REITs resume growing their portfolios and boost dividends for shareholders by acquiring new assets to take advantage of lower commercial property prices. In addition, there could also be several new S-REIT listings in the pipeline. ARA Asset Management and Qatar's Regency Group were recently reported to be planning to launch the first S-REIT to comply with Islamic principles. Other IPOs include a commercial REIT from Temasek-owned Mapletree Investments that will include Singapore's largest shopping mall Vivocity. Nonetheless, investors should watch out for key risks which include a rise in interest rates and the threat of inflation.

## S-REIT PRICE MOVEMENT (JAN 09 – DEC 09)



With effect from 1 Jan 2010 all S-REITs are required to hold annual general meetings (AGMs) as the Monetary Authority of Singapore (MAS) looks to improve corporate governance and provide more flexibility to S-REITs. S-REITs will be required to hold an AGM once every calendar year and not more than 15 months from the last preceding AGM.

The MAS believes that this will provide an important avenue for communication between S-REIT managers and unitholders, thereby allowing S-REIT managers to be more accountable to unitholders. AGMs will also provide a regular opportunity for S-REIT managers to seek general mandates from unitholders for the issuance of new units, giving more flexibility for equity raising. 2009 saw a number of S-REIT managers put up urgent extraordinary general meeting (EGMs) notices to obtain shareholders' approval for fund-raising exercises to refinance their debts. With the exception of Ascendas Reit (A-REIT), which has been holding AGMs for the past three fiscal years, other S-REITs have not held an AGM although they may have had other means of communication.

## REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (\$S)	CLOSING PRICE 31 DEC 09 (\$S)	% CHANGE SINCE JUN 09	52-WEEK HIGH (\$S)	52-WEEK LOW (\$S)	DISTRIBUTION YIELD (DEC 09)
CapitaMall Trust	17-Jul-02	0.96	1.800	28.57%	1.890	0.935	5.61%
Ascendas REIT	19-Nov-02	0.88	2.220	39.62%	2.240	1.008	6.48%
Fortune REIT	12-Aug-03	HK\$4.75	HK\$3.130	-16.31%	3.403	1.637	12.53%
CapitaCommercial Trust	11-May-04	1.00	1.170	42.68%	1.230	0.440	6.74%
Suntec REIT	9-Dec-04	1.00	1.350	56.98%	1.380	0.476	8.65%
Mapletree Logistics Trust	28-Jul-05	0.68	0.785	41.44%	0.785	0.317	7.50%
Starhill Global REIT	20-Sep-05	0.98	0.525	-17.32%	0.630	0.297	12.51%
Frasers Commercial Trust	30-Mar-06	1.00	0.140	-41.67%	0.205	0.072	20.79%
Ascott Residence Trust	31-Mar-06	0.68	1.200	76.47%	1.230	0.350	5.97%
K-REIT Asia	28-Apr-06	1.04	1.100	12.82%	1.120	0.430	9.44%
Frasers Centrepoint Trust	5-Jul-06	1.03	1.400	61.85%	1.400	0.550	5.36%
CDL Hospitality Trusts	19-Jul-06	0.83	1.750	110.84%	1.750	0.415	4.40%
Cambridge Industrial Trust	25-Jul-06	0.68	0.450	28.57%	0.475	0.210	11.90%
CapitaRetail China Trust	8-Dec-06	1.13	1.280	19.63%	1.500	0.585	8.11%
First Real Estate Investment Trust	11-Dec-06	0.71	0.815	29.37%	0.820	0.400	9.37%
AIMS AMP Capital Industrial REIT	19-Apr-07	1.20	0.215	-34.85%	0.290	0.129	33.56%
Ascendas India Trust	1-Aug-07	1.18	0.980	42.03%	0.985	0.465	8.14%
Parkway Life REIT	23-Aug-07	1.28	1.220	31.89%	1.260	0.680	5.94%
Saizen REIT	9-Nov-07	1.00	0.150	15.38%	0.170	0.066	-*
Lippo-Mapletree Indonesia Retail Trust	19-Nov-07	0.80	0.505	42.25%	0.515	0.155	8.28%
Indiabulls Properties Investment Trust	11-Jun-08	1.00	0.260	-1.89%	0.351	0.144	-**

\* Saizen stopped paying dividend in the second quarter of 2009 and may resume distribution until June 2010.

\*\* No distributions have been declared by Indiabulls Properties Investment Trust in 2009.

# TAIWAN

The Taiwanese stock market grew by an impressive 27.3% in the second half of 2009 as local investment sentiment improved and foreign institutional investors continued investing in the local bourse. The market cap-weighted average price in the T-REIT market rose 7.4% during the same period with total market capitalisation increasing by 7.2% to reach NT\$58.5 billion (US\$1.8 billion).

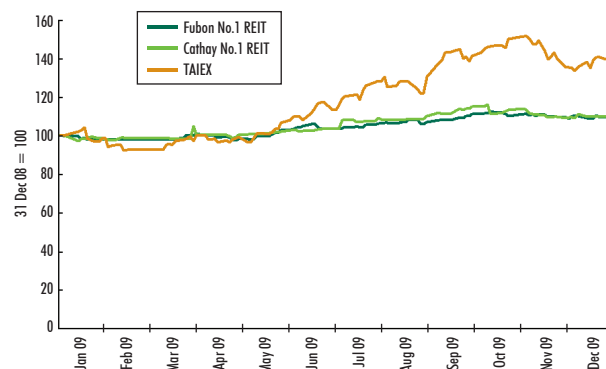
No new T-REITs were launched during the review period. Acquisition activity by the eight T-REITs was low, possibly due to the difficulty of finding new assets that would help enhance yield levels. The weighted average dividend yield for T-REITs ended the review period at 4.11%, down from 4.47% recorded at the end of June 2009. Investment yields for quality commercial properties were compressed to around or below 4% in the second half of 2009 as Taiwanese investors moved quickly to acquire real estate on the back of improved prospects for the local property market.

The period witnessed a modest fall in the distributable income of a number of T-REITs. Three office facilities in the Fubon No.2 REIT portfolio all experienced rental adjustments during the third quarter, which saw rents fall by 5.5% overall. Cathay No.2 REIT, which is entirely comprised of office buildings, also suffered a marginal decrease in average rents in line with rising vacancy rates. As leasing demand for office space in Taipei is not likely to improve significantly over the coming months, T-REITs that include office properties in their portfolios may face increasing pressure to reduce rents.

Gallop No.1 REIT ended the fourth quarter of 2009 with a closing price of NT\$8.18, the lowest among all T-REITs. The T-REIT owns strata-titled units in the CTCL building which were vacated by CTCL Corporation in March 2009 after the company moved to a new headquarters building. The vacancy rate of the CTCL building stood at over 90% at the end of the third quarter while average rents were down by 20.3% on the first quarter. Another property owned by Gallop, the Honeywell Information Building, also saw a surge in vacancy during the third quarter, recording a vacancy rate of 21.5%. This is set to increase in the months ahead as another tenant in the building has decided to terminate its lease in July 2010. The drop in rental income witnessed in recent months was not reflected in the distribution dividend paid in the past 12 months, and the dividend yield for Gallop No.1 REIT reached 5.08% at the end of 2009, the highest among T-REITs.

Cathay No.1 REIT and Trident REIT outshined their counterparts in the second half with respect to property performance. Cathay

## T-REIT PRICE MOVEMENT (JAN 09 – DEC 09)



No.1's properties were able to maintain full occupancy and rental rates at the end of the third quarter, while Trident saw the average vacancy rate for its portfolio remain at a relatively low 5.2% with rental levels trending upward, albeit at a slow pace. The Sheraton Taipei Hotel, which is in Cathay No.1 REIT's portfolio, was impacted by the economic downturn in 2009 with average daily rates slipping 2.7% y-o-y and occupancy rates falling to 68.8% from 74.0% in 2008. Nevertheless, Sheraton Taipei outperformed many of the other higher-end hotels in the city with its daily room rates averaging NT\$4,692 in 2009, some 27% higher than the average rates for international tourist hotels in Taipei. As Sheraton Taipei Hotel has been a cornerstone asset of the Cathay No.1 REIT, providing approximately 78% of total rental income, the distribution yield of the T-REIT is expected to remain stable in the future. Trident REIT also has a diverse portfolio consisting of office, industrial and retail properties. During the third quarter of 2009 the T-REIT saw a marginal growth in rentals for its industrial and retail assets. With a relatively low closing price of NT\$8.3 as of the end of December 2009, the dividend yield for Trident amounted to 4.48% over the review period.

Although dividend yields for T-REITs have been less attractive to global investors compared to those recorded in other Asian REIT markets, the T-REIT market represents an alternative to investors who are interested in the Taiwan property sector. In view of the 10-year government bond yield decreasing to 1.54% and the shortage of prime assets available for sale and providing gross yields higher than 4%, the weighted average dividend yield of 4.11% for T-REITs may present another avenue for property investors to gain exposure to the Taiwan real estate market.

## REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (NTS)	CLOSING PRICE 31 DEC 09 (NTS)	% CHANGE SINCE JUN 09	52-WEEK HIGH (NTS)	52-WEEK LOW (NTS)	DISTRIBUTION YIELD (DEC 09)
Fubon No. 1 REIT	10-Mar-05	10.00	11.20	4.87%	11.30	9.20	3.96%
Cathay No.1 REIT	3-Oct-05	10.00	11.06	7.07%	11.10	9.13	4.33%
Shin Kong No.1 REIT	26-Dec-05	10.00	9.99	3.20%	10.10	7.80	3.92%
Fubon No. 2 REIT	13-Apr-06	10.00	10.47	3.15%	10.79	8.31	3.79%
Trident REIT	26-Jun-06	10.00	8.30	14.01%	8.30	5.40	4.48%
Kee Tai Star REIT	14-Aug-06	10.00	8.19	30.83%	8.19	4.65	4.14%
Cathay No.2 REIT	13-Oct-06	10.00	10.99	10.45%	11.66	8.28	3.80%
Gallop No.1 REIT	15-May-07	10.00	8.18	10.54%	8.45	6.70	5.08%

# SOUTH KOREA

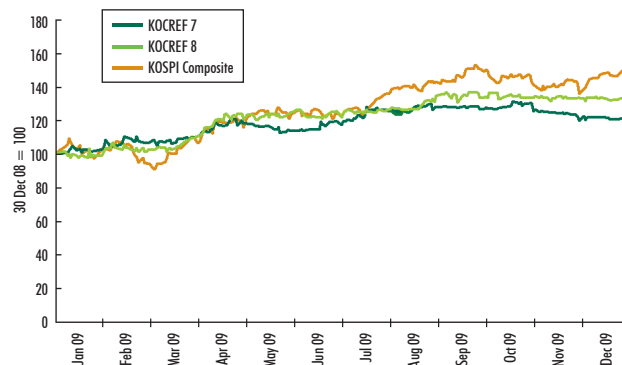
Several new K-REITs were launched in the second half of the year as the real economy improved and the real estate market rebounded. The period witnessed the addition of 12 new K-REITs to the market, almost double the seven that were added in the first half. The total number of K-REITs stood at 36 as of the end of 2009. The period saw the government permit CR-REITs to invest in unsold apartments and half of the newly launched K-REITs did so. The rise in activity reflected the recent improvements witnessed in the real estate capital market as well as investor sentiment. However, few K-REITs are listed on the Korean Stock Exchange, meaning that individual participation is limited. It may be some time before K-REITs become an attractive alternative investment for investors.

The second half saw the Korean government extend tax benefits given to real estate investment vehicles including K-REITs, REFs (Real Estate Funds), ABSs' (Asset Backed Securities), and PFVs (Project Finance Vehicles). The benefits, previously scheduled to end by 2009, have been extended to 2012. ABSs and PFVs will continue to receive a 50% deduction on acquisition tax and registration tax when they acquire a new asset. However, tax deductions for K-REITs and REFs have been decreased from 50% to 30% from 2010.

Despite the decrease in tax benefits, K-REITs showed brisk investment activity across all sectors during the review period and continued to retain a strong appetite for prime office assets. KORAMCO, the largest AMC in Korea, launched a CR-REIT called KOCREF 15 to acquire the Insong building, a Grade B office block with a GFA of 336,616 sf, from D&DS. The transaction price was KRW 115 billion (US\$99 million). KOCREF 15 also intends to raise KRW 25 billion (US\$21.5 million) through a public offering by listing on the stock market in the near future. Should the IPO go ahead, it would mark the first listing by a K-REIT on the stock market since the first quarter of 2008. Liquidity-stricken Prime Development was in negotiation with the newly launched KVG 1 CR-REIT to sell the office portion of Gangbyeon Techno Mart, a Grade B building in East Seoul with a GFA of 701,519 sf, under a sale and leaseback agreement. Elsewhere, another new CR-REIT, KB WISE, purchased Bundang IDC Center for KRW 33 billion from ING KPI.

In the retail sector the Government of Singapore Investment Corp (GIC) launched New Core Gangnam CR-REIT to acquire Kims Club building and Newcore Department building in Gangnam from E-Land Group for KRW 220 billion (US\$189 million). The New Core Gangnam CR-REIT is the first K-REIT to have raised

## K-REIT PRICE MOVEMENT (JAN 09 – DEC 09)



100% of its funding from a foreign investor. Both assets were part of a sale and leaseback deal and E-Land Group has also retained the right to buy the two properties back in five years time. Other deals involving retail assets included UMC PAMCO RETAIL CR-REIT's acquisition of the Aekyung department store in Guro-dong from Aekyung Co., Ltd. for KRW 152 billion, again under a sale and leaseback agreement.

The second half of 2009 was notable for the launch of one development K-REIT and six CR-REITs aimed at investing in unsold apartments. LEX INVESTOR REIT, the country's second specialist development and self-managed K-REIT, intends to develop Silver Town (a development targeting the elderly) and a golf course. The new CR-REITs - Wootohousing 2 and 3, Plusstar 2 and 3 and FN New Housing 1 and 2 - acquired a number of blocks of unsold apartments across several cities during the second half and possessed a total asset value of approximately KRW 799 billion (US\$687 million) as of December 2009.

## REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (KRW)	CLOSING PRICE 31 DEC 09 (KRW)	% CHANGE SINCE JUN 09	52-WEEK HIGH (KRW)	52-WEEK LOW (KRW)	DISTRIBUTION YIELD (DEC 09)
KOCREF 7	11-Nov-05	5,000	6,230	1.47%	7,000	5,100	9.65%
KOCREF 8	15-Jun-06	5,000	5,770	7.05%	6,380	4,200	7.40%
KR2	8-May-08	5,000	5,220	4.61%	6,020	3,625	-

# THAILAND

Thai REITs offered investors a weighted average annualised yield of around 9% as of the end of 2009. During this period of low interest rates Thai investors have been seeking opportunities other than bank deposits to achieve capital growth. Property funds are seen as an ideal alternative as they can offer higher returns than deposit rates, which are currently at 1.25%.

Four new property funds were listed during the second half of 2009, three of which are industrial REITs and one which focuses on office properties. The most notable addition to the T-REIT market during the review period was TPARK Logistics Property Fund (TLOGIS), which was listed on the Stock Exchange of Thailand during the fourth quarter. The fund, with a market capitalisation at IPO of THB 1.53 billion (US\$45.9 million), has invested in 15 warehouses with a usable area of 761,300 sf. The properties are located at the TICON Logistics Park Wangnoi, Ayudhya Province and TICON Logistics Park Bangna, Chacheongsao Province. The fund will offer a minimum guarantee return of 7% for seven years.

As the overall investment market improves, more property funds are slated to list in Thailand in 2010. Metro Star Property Fund reportedly plans to create a serviced apartment fund with a market capitalisation of around THB 2.5 billion (US\$75 million), while

ING plans to launch a leasehold fund investing in an agricultural distribution centre expected to be finished in 2010. Elsewhere, Krung Thai Asset Management (KTAM) will roll out a THB 1.7 billion (US\$51 million) property fund to invest in a high-end hotel in Phuket, while KTAM will also launch another property fund at the beginning of 2010. The latter will comprise a fund of more than THB 5 billion (US\$150 million) and will invest in a luxury hotel in Chiang Mai.

Elsewhere, MFC Asset Management will launch M-PROP as a fund of property funds, providing investors a diversified portfolio. The new fund will be set at the relatively small size of THB 300 million (US\$10 million) given the limited supply of listed property funds in the country. Investment will focus on high yield, high-liquidity funds. MFC expects the fund to take positions in four or five property funds, each with a trading liquidity of at least a million baht per day average over the past three months. Of the 26 property funds listed on the Stock Exchange of Thailand, funds that could qualify for investment include CPN Retail Growth, Samui Airport, Future Park, Q-House and the Ticon Property Fund.

## REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (THB)	CLOSING PRICE 31 DEC 09 (THB)	% CHANGE SINCE JUN 09	52-WEEK HIGH (THB)	52-WEEK LOW (THB)	DISTRIBUTION YIELD (DEC 09)
UOB Apartment Property Fund I	29-Oct-03	10.00	4.84	5.68%	5.80	3.90	4.89%
Bangkok Commercial Property Fund	19-Nov-03	10.00	9.00	8.43%	9.05	7.35	7.78%
Millionaire Property Fund	08-Mar-05	10.00	11.20	-2.61%	12.30	11.00	8.39%
Ticon Property Fund	12-May-05	10.00	10.30	21.18%	10.40	7.80	7.86%
Thai Industrial Fund 1	29-Jun-05	10.00	7.55	9.42%	9.35	6.75	7.75%
MFC-Nichada Thani Property Fund	11-Aug-05	10.00	9.60	-4.00%	10.50	9.40	7.40%
CPN Retail Growth Leasehold Property Fund	23-Aug-05	10.00	9.25	2.78%	9.30	6.71	10.53%
Baan Sansiri Property Fund	26-Sep-05	10.00	9.90	3.13%	10.00	6.90	7.35%
Samui Airport Property Fund	24-Nov-06	10.00	8.35	18.44%	8.60	4.96	10.40%
T.U. Dome Residential Complex Property Fund	06-Dec-06	10.00	9.50	-3.06%	10.00	8.30	1.77%
Future Park Property Fund	07-Dec-06	10.00	9.70	8.99%	9.70	8.30	10.32%
Quality Houses Property Fund	12-Dec-06	10.00	8.20	24.24%	8.30	5.70	9.70%
JC Property Fund	05-Jan-07	10.00	10.00	0.00%	6.50	5.00	6.00%
Gold Property Fund (Leasehold)	22-May-07	10.00	7.60	2.70%	9.60	6.10	9.76%
Major Cineplex Lifestyle Leasehold Property Fund	18-Jul-07	10.00	8.65	5.49%	9.45	6.45	10.60%
Urabana Property Fund (Leasehold)	18-Oct-07	10.00	7.55	14.39%	10.10	6.50	11.94%
Property Perfect Property Fund	20-Mar-08	10.00	10.10	0.00%	10.10	9.05	8.32%
Quality Hospitality Leasehold Property Fund	03-Apr-08	10.00	7.10	5.97%	9.65	6.50	10.85%
Luxury Real Estate Investment Fund	29-Apr-08	10.00	8.50	-2.30%	9.70	8.00	7.76%
Multi-National Residence Fund	19-Jun-08	10.00	9.70	-2.02%	10.00	9.50	7.94%
Centara Hotels & Resorts Leasehold Property Fund	13-Oct-08	10.00	7.90	0.64%	9.10	7.70	9.23%
Nichada Thani Property Fund 2	31-Mar-09	10.00	10.00	1.01%	10.10	9.90	4.96%
Sala @ Sathorn Property Fund	10-Aug-09	10.00	4.86	-51.40% ^	9.10	4.74	-
MFC-Strategic Storage Fund	11-Aug-09	10.00	10.00	0.00% ^	10.50	9.95	7.04%*
101 Montri Storage Property Fund	14-Aug-09	10.00	9.90	-1.00% ^	10.40	9.85	-
TPARK Logistics Property Fund	16-Dec-09	10.00	10.30	3.00% ^	10.30	10.00	-

\* Annualized distribution yield

^ Change over offer price

# MALAYSIA

Malaysian REITs were in active acquisition mode in the second half of 2009 and picked up several new assets. Notable transactions included UOA REIT's purchase of 16 office suites at Wisma UOA II for RM 14.5 million (US\$4.2 million) and Axis REIT's acquisition of three warehousing facilities for a total of RM 161 million (US\$47 million) in the states of Selangor and Penang. Elsewhere, Starhill REIT sold its shopping centres (Lot 10 and Starhill Gallery) for a total price of RM 1.03 billion (US\$301 million) to Singapore-listed Starhill Global REIT as part of a rationalisation exercise to reposition itself as a fully-fledged global hospitality REIT. The M-REIT intends to purchase prime hotels locally and internationally to add to the remaining two hotels in its portfolio.

The year ended with the announcement of the formation of the Malaysian REIT Managers Association (M-REITMA) which is expected to be functional by the end of the first quarter of 2010. M-REITMA's objectives include creating an environment conducive to encouraging more investment to be injected into high quality real estate in the country; improving the transparency of corporate governance, disclosure and financial reporting, training and discussion groups; and analysing legislation and government policies.

The Malaysian government's package of liberalisation measures announced in late June included the abolition of the former Foreign Investment Committee's (FIC) requirement that Bumiputera (indigenous and ethnic Malays) must have a minimum 30% equity stake in companies in 27 service sub-sectors. The new measures also permit qualified fund management companies in the wholesale fund management industry to establish 100% foreign-owned operations, while the foreign shareholding limit for unit trust management firms in the retail investment sector has been raised to 70% from the previous level of 49%. The new measures are expected to enhance the attractiveness of Bursa Malaysia as a destination for REIT listings and hopefully promote a vibrant and competitive M-REIT sector in 2010.

## REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (RM)	CLOSING PRICE 31 DEC 09 (RM)	% CHANGE SINCE JUN 09	52-WEEK HIGH (RM)	52-WEEK LOW (RM)	DISTRIBUTION YIELD (DEC 09)
Amanah Harta Tanah PNB	28-Dec-90	N/A	0.915	6.40%	0.935	0.705	7.38%
Axis-REIT	3-Aug-05	1.25	1.930	28.67%	2.070	1.150	7.71%
Starhill REIT	16-Dec-05	0.96	0.855	3.01%	0.920	0.725	8.09%
UOA REIT	30-Dec-05	1.15	1.280	9.40%	1.330	0.910	9.14%
Tower REIT	12-Apr-06	1.07	1.140	11.76%	1.180	0.875	8.20%
Al-Aqar KPJ REIT	10-Aug-06	0.95	0.985	7.07%	1.010	0.825	8.53%
Hektar REIT	4-Dec-06	1.05	1.120	24.44%	1.140	0.780	9.11%
Amfirst REIT	20-Dec-06	1.00	1.040	16.85%	1.080	0.780	8.99%
Quill Capita Trust	8-Jan-07	0.84	1.080	15.51%	1.100	0.800	7.34%
Al-Hadharah Boustead REIT	8-Feb-07	0.99	1.300	11.11%	1.390	1.000	8.48%
Amanahraya REIT	26-Feb-07	0.895	0.855	19.58%	0.900	0.675	8.02%
Atrium REIT	26-Mar-07	1.05	0.920	39.39%	0.925	0.605	7.39%

# ASIAN REIT LEGISLATION OVERVIEW

	JAPAN	SINGAPORE	HONG KONG	SOUTH KOREA	TAIWAN	THAILAND	MALAYSIA
<b>Structure</b>	Trust or corporate (listed REITs are all corporations)	Collective investment scheme (Unit trust) or corporate	Unit trust	Corporate-Restructuring, Enfranchisement-Specialised, Self-Managed	Trust (Real estate asset trust or investment trust)	Closed-end mutual fund	Unit trust
<b>Management structure</b>	External	External	Internal/ External	Internal/ External	Internal/ External	External	External
<b>% invested in real estate</b>	For listed J-REIT, at least 75% of assets must be invested in real estate	At least 70% of deposited property should be invested in real estate or real estate-related assets	Only invest in real estate	At least 70% in real estates or corporate restructuring related properties	Cash, government bonds, property, property-related rights, beneficiary securities or ABS issued under Real Estate Securitization Act/ Financial Asset Securitization Act (RESA/ FASA) must form at least 75% of the NAV	Must invest at least 75% of NAV in property	At least 50% of a fund's total asset value must be invested in real estate and/or single-purpose companies at all times
<b>Geographical restrictions</b>	No restriction under the Investment Trust and Investment Company Act, but no overseas acquisitions have been made as the requirements on real estate appraisal of overseas properties are ambiguous.	No	No	No	No restriction under the RESA; subject to approval	Thailand only	No restriction basically subject to approval from SC and relevant authorities
<b>Property developments</b>	Restricted – at least 50% of total assets are income producing and unlikely be sold within one year	Property developments and investments in uncompleted projects should not exceed 10%	Prohibited, but H-REIT may acquire uncompleted units comprising less than 10% NAV	Allow	Allow for urban renewal, infrastructure or public amenities construction; investments should not exceed 30% of NAV	May acquire properties over 80% completed but prohibited to invest in dormant land (for PFPO)	Prohibited, but may enter into conditional forward purchase agreement
<b>Leverage</b>	No restriction	Over 35% of total assets permitted with disclosed credit rating (capped at 60%)	Capped at 45% of gross asset value	REITs are permitted to have exceptional borrowing up to 1000% of equity capital, upon special approval of shareholders	Ratings of twAA or above by two credit rating agencies: 50%; ratings of twA or above: 35%; those with credit ratings: 25%	Not more than 10% of NAV	50% of total asset value (revised from 35%)
<b>Dividend payout</b>	At least 90% of distributable income to qualify for tax deduction	At least 90% so as to enjoy exemption from paying corporate tax	At least 90% of annual net income after tax	At least 90%	At least 90% of distributable income	At least 90% of net profits	Not specified in the M-REIT guideline

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