



## ASIAN RETAIL MARKET FLASH

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## EXECUTIVE SUMMARY

Major Asian retail markets continued to thrive in the third quarter of 2007, fuelled by robust domestic consumption, strong labour markets and the rising flow of intra-regional tourists. Hence, retail leasing activity remained buoyant in many Asian cities, especially Shanghai, Beijing, Singapore, Taipei, Hong Kong, Tokyo and HCMC, while investment yields were largely stable.

Leasing activity in central **Tokyo** remained brisk throughout the quarter, with tightening market conditions expected to exert further upward pressure on rents. A series of redevelopment projects in suburban locations by major developers signalled renewed confidence in the retail market.

In **Greater China**, infrastructure improvements have gradually increased the competitiveness of prime retail areas, which witnessed continued high levels of leasing activity.

The wave of retail completions ahead of the 2008 Olympics in **Beijing** began in the third quarter, with the openings of the Seasons Place Shopping Centre, CapitaRetail Xizhimen Mall and Metro City bringing the stock of prime organised format retail properties in Beijing to 41.7 million sf. In **Shanghai**, with continued high levels of leasing activity in prime retail hubs, prime ground floor rent rose 1.6%, q-o-q in the third quarter. **Guangzhou's** prime retail property market continued to witness a high level of leasing interest in the third quarter. Driven by increasingly strong demand for quality retail space, rents for ground and first floor space in prime shopping malls rose 7.3% and 5.4%, respectively, q-o-q, significant increases on growth rates in recent quarters.

**Hong Kong's** retail leasing market in Central performed extremely well, with a 35.7% q-o-q rent increase recorded on the back of intense demand from international luxury brands eager to make their mark in this highly desirable location with very limited supply.

**Taipei's** retail leasing market remained robust in the third quarter, and rental levels for street-front shops continued to increase. The Zhongxiao East Road area recorded the most significant increase, rising 2% to NT\$520 psf per month.

In **Singapore**, retail sales registered an all-time high of S\$3 billion in June 2007 on the back of the buoyant economic outlook and strong consumer spending. A rush to purchase by consumers making larger ticket purchases before the 2% GST hike on 1 July was also a factor.

In **Seoul**, clothing retailer GAP opened its first Korean shop in the Myeongdong retail district. Other clothing retailers planning to enter the market, including Banana Republic, ZARA, C&A and H&M, are also likely to concentrate in Myeongdong.

The retail market in **India** continued to witness increased domestic activity and sustained international interest. Domestic developers and retailers announced additional large-scale expansion and development programmes, with the luxury retailing sector beginning to attract increased attention.

Consumer spending continued to slow in **Thailand** in the third quarter and the consumer confidence index hit a fresh five-year low in September. However, the peak shopping season and anticipated improvement in sentiment following the December election may help boost retail sales in Bangkok over the short term. The retail market remained robust in **Manila** with major retail landlords reporting vacancy rates below 5%. Tight vacancy amid growing demand saw rents rise 1.5% q-o-q in the third quarter. **Jakarta's** improving economy and rising levels of disposable income have combined to stimulate growth in consumer spending and drive retailer expansion.

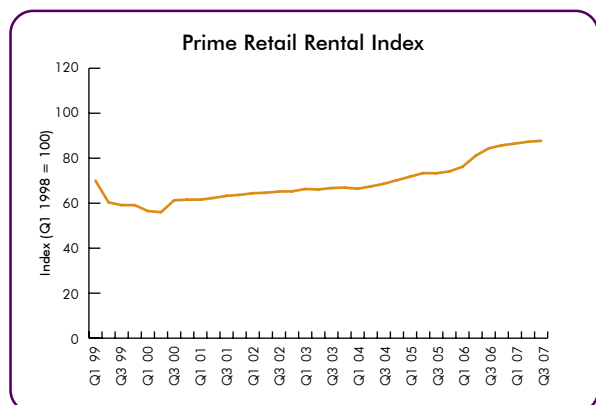
In **Ho Chi Minh City**, the supply of purpose-built retail property remains limited. No new prime retail space has come on stream following the completion of Hung Vuong Plaza in June, and pent-up demand for prime retail space continues to grow. Retail sales in **Hanoi** also increased, with high-end retailers continuing to attract a new generation of young, brand-conscious consumers.

Region/ Country	City	Shopping District	Prime Retail Rents* (psf month)		Forex (30 Sep 07)	
			Local currency	US\$ equivalent		
<b><u>NORTH ASIA</u></b>						
<b>Japan</b>	Tokyo	Ginza	JPY	5,100 - 7,700	44.1 - 66.6	115.66
		Omotesando		3,400 - 5,100	29.4 - 44.1	
		Shibuya		2,625 - 4,410	22.7 - 38.1	
		Shinjuku		2,310 - 4,410	22.7 - 38.1	
		Harajuku		2,000 - 3,500	17.3 - 30.3	
<b><u>GREATER CHINA</u></b>						
<b>PRC</b>	Beijing	Xidan	RMB	73 - 113	9.7 - 15.0	7.51
		Wangfujing		85 - 169	11.3 - 22.5	
		Jianguomenwai		50 - 106	6.7 - 14.1	
		Chaoyangmenwai		57 - 99	7.6 - 13.2	
	Shanghai	Huaihai Middle Road	RMB	101 - 158	13.4 - 21.0	7.51
		Nanjing East Road		86 - 158	11.5 - 21.0	
		Nanjing West Road		112 - 164	14.9 - 21.8	
		Xujiahui		86 - 158	11.5 - 21.0	
	Guangzhou	Shangxiajiu Road	RMB	85 - 110	11.3 - 14.6	7.51
		Tianhe CBD		76 - 218	10.1 - 29.0	
		Beijing Road and Lingyuanxi		160 - 213	21.3 - 28.4	
		Huanshidong		130 - 143	17.3 - 19.0	
		Jiangnanxi		25 - 144	3.3 - 19.2	
	Hong Kong	Central	HK\$	464	59.7	7.77
		Causeway Bay		457	58.8	
Tsim Sha Tsui			364	46.8		
Mong Kok			303	39.0		
<b>Taiwan</b>	Taipei	Zhongxiao Road	NT\$	520	16.0	32.57
		Nanjing/Zhongshan N Road		250	7.7	
		Ximentin		585	18.0	
		Dunhua S Road		200	6.1	
<b><u>SOUTH &amp; SOUTHEAST ASIA</u></b>						
<b>Singapore</b>	Singapore	Orchard Road	S\$	34.6	23.4	1.48
		City Hall/Marina Centre		26.1	17.6	
		Suburban		28.4	19.2	
<b>Thailand</b>	Bangkok	Pratumwan	THB	139 - 279	4.1 - 8.1	34.26
		Silom		112 - 232	3.3 - 6.8	
		Sukhumvit		112 - 279	3.3 - 8.1	
<b>Philippines</b>	Manila	Makati CBD	PHP	80.3	1.8	44.85
<b>Indonesia</b>	Jakarta	Jakarta CBD	IDR	32,500 - 74,000	3.6 - 8.1	9,085
		Blok M		23,200 - 40,000	2.6 - 4.4	
<b>India</b>	New Delhi	South Extension	INR	700 - 800	17.6 - 20.1	39.85
		Connaught Place		700 - 800	17.6 - 20.1	
		Greater Kailash I		750 - 850	18.8 - 21.3	
		Greater Kailash II		220 - 280	5.5 - 7.0	
		Khan Market		850 - 1,000	21.3 - 25.1	
		Basant Lok		450 - 600	11.3 - 15.1	
<b>Vietnam</b>	Ho Chi Minh City	CBD		-	7.5	16,085
	Hanoi	CBD		-	8.4	

\* Quoted Rents are based on Ground Floor Shops with area about 1,000 sf (gross).

PEOPLE'S REPUBLIC OF CHINA

BEIJING



A new round of adjustment in tenant mix is presently underway in a number of major Beijing shopping centres; acting to drive up rents, especially in more mature markets such as the CBD and Wangfujing. The opening of the Seasons Place Shopping Centre has set a new standard for quality in organised format retailing in western Beijing. Located on Finance Street, the 957,996 sf mall has attracted a wide array of luxury brands including Gucci, Versace, Dior, Chloe as well as a Lane Crawford department store. The newly opened shopping centre also features the first Dior Homme flagship store in mainland China. Strong demand, anticipation of the upcoming Olympics and the quality of new space coming on stream combined to underpin growth in ground floor rents, which rose 0.5% q-o-q to RMB 80.9 psf per month, and first floor rents which rose 3.3% q-o-q to RMB 53.9 psf per month in the third quarter. With more high-end shopping centres opening, luxury brands such as Versace, Gucci, Louis Vuitton, Prada and Cartier are expanding aggressively. In Beijing, Giorgio Armani leased 13,993 sf in Shin Kong Place and Guess took up 2,691 sf in SOLANA.

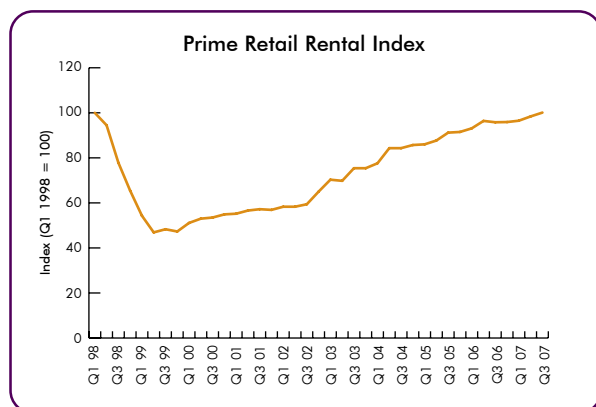
MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Chaoyang	Shin Kong Place	13,993	Giorgio Armani
Chaoyang	SOLANA	3,014	Promod
Chaoyang	New Sanlitun	5,920	Element Fresh

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

PEOPLE'S REPUBLIC OF CHINA

SHANGHAI



Prime ground floor rents continued to increase during the third quarter, rising 1.6% q-o-q to RMB 114.9 psf per month. However, concerns about possible tenant relocations to rapidly developing secondary retail areas exerted downward pressure on upper-floor rents in some buildings in prime retail locations, such as Xinmei Union Square in Pudong and Maxdo in Hongqiao, and average prime first floor rent dropped by 7.3% q-o-q to RMB 74.7 psf per month. In Puxi, Mattel Group occupied 53,820 sf in Huaihai 550 for its first "Barbie Girls" flagship store worldwide. Maison Mode relocated to its new 40,903 sf store in Shanghai Times Square. Staples committed to 27,986 sf in Lei Shing International Plaza, while Wal-Mart opened its third Shanghai location in Jiading District. In Pudong, HOLA opened its fourth Shanghai store in the Super Brand Mall. Due to ongoing tenant restructuring in the Itokin Building on Nanjing Road East and the refurbishment of Joffre 688 on Huaihai Road, the overall retail vacancy rate rose by 0.1 percentage points q-o-q to 5.4%.

MAJOR LEASING TRANSACTIONS

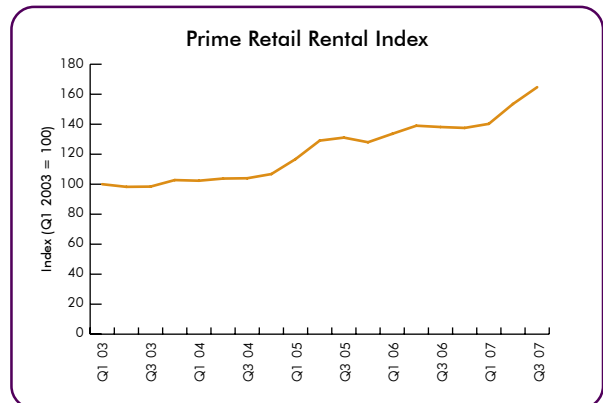
District	Property	Approx. Size (sf)	Tenant
Luwan	Huaihai 550	32,292	Mattel Group
Pudong	Laya Plaza	57,049	Home Centre
Pudong	Laya Plaza	11,840	Zara

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## PEOPLE'S REPUBLIC OF CHINA

## GUANGZHOU

Upbeat consumer sentiment and sustained growth in levels of disposable income continued to drive expansion of retailing operations in Guangzhou. Demand for prime retail space increased as well-known domestic and international retailers optimistic about market prospects for their products either entered the market or expanded existing operations. Suning Appliance leased approximately 107,640 sf on multiple floors of Grand Tower for a flagship shop. Citibank opened a 3,229 sf branch in Taojin Road, and Hang Seng Bank and HSBC leased 2,153 sf of space in Green Garden and TeeMall, respectively. Other foreign banks are actively seeking quality space. Two shopping malls in the Beijing Road traditional retail district garnered increased attention given the shortage of quality stock available: Guangdong Teemall Department Stores Holdings Limited acquired the lease of the existing operator of the 646,000 sf Ming Sing Plaza for 19 years, it will rebrand and relaunch the facility, and Guanghong Sports City leased 139,932 sf in Metro Plaza.



### MAJOR LEASING TRANSACTIONS

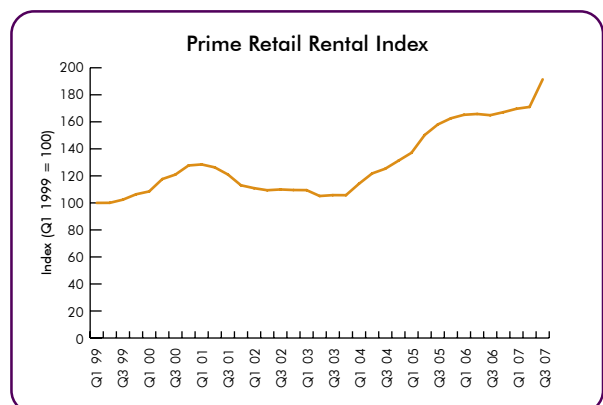
District	Property	Approx. Size (sf)	Tenant
Tianhe	Grand Tower	107,640	Suning Appliance
Tianhe	Teemall	13,993	Esprit
Yuexiu	Taojin Road	3,229	Citibank

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## PEOPLE'S REPUBLIC OF CHINA

## HONG KONG

The Hong Kong retail sector continued to benefit from strong economic fundamentals riding on a wave of healthy growth in tourist arrivals, such that landlords and retailers remain highly optimistic about prospects for the territory's retail market. The leasing market in Central performed remarkably well as newly opened shops in prime areas of the district, such as H&M's 38,000 sf mega-shop on Queen's Road Central, have provided a great boost to the retailer's brand image in Hong Kong. Given the limited supply of prime retail space in Central, coupled with the keen demand from luxury brands, rents for prime shops in Central soared by 35.7% q-o-q. Intense competition for retail space led to across-the-board rental increases in second-tier areas adjacent to prime retail arteries. In Central, Coach took up 8,000 sf on the lower three floors of the Hing Wai Building and Diesel occupied 6,535 sf of space in Pacific House. Tsim Sha Tsui and Causeway Bay also recorded substantial rental increases, rising 9.9% and 8.0% respectively, q-o-q.



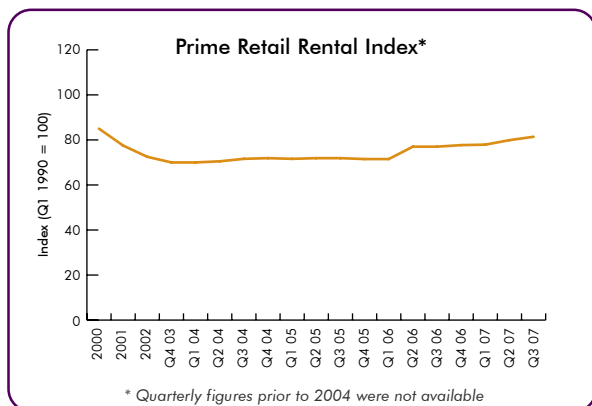
### MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Central	G/F, 1/F and 2/F, Hing Wai Building	8,000 (gross)	Coach
Central	Shops G20, 20A & LG, Pacific House	6,535 (gross)	Diesel
Tsim Sha Tsui	Shops G1-4 and 1/F, Parklane Shopper's Boulevard Site D	5,910 (gross)	Chow Sang Sang

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TAIWAN

TAIPEI



The continued improvement in consumer spending has given landlords of street-front shops, especially those in proximity to MRT stations, a stronger hand in rental negotiations. Zhongxiao East Road, for example, has benefited from the success of BR4, a department store above an MRT station that began operations in late 2006; rents have continued to rise in this eastern central city retailing hub, increasing by 2% q-o-q in the third quarter. After opening its first Taiwan store in Kaohsiung in the second quarter, Marks & Spencer opened stores in two prime Taipei retail precincts during the third quarter, Zhongxiao East Road and the Xinyi area. In view of the continued hardening of capital values in the office sector, institutional investors have broadened the focus of their interest to include retail properties, including quality shopping malls and retailing centres outside Taipei. ING acquired the T-Central Shopping Mall in Taichung en bloc for NT\$4.6 billion. The seller, Durban Group, will lease the property and pay a percentage of turnover to ING. The investment yield of this deal is believed to be more than 5%.

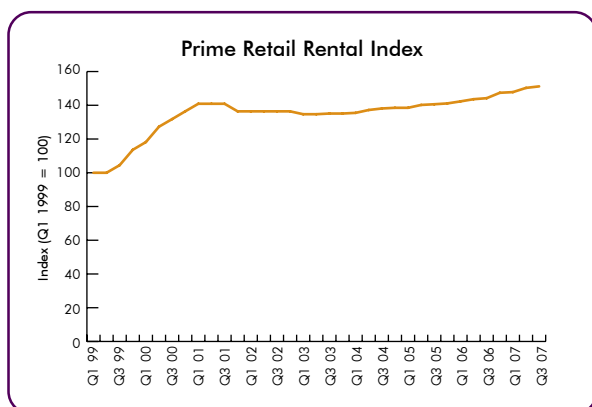
MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Zhongxiao Road	201, Sec.4, Zhongxiao E. Rd.	32,030	Marks & Spencer
Zhongxiao Road	Sec.3, Zhongxiao E. Rd.	5,340	Esprit
Xinyi area	NY NY Department Store	28,470	Marks & Spencer

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SINGAPORE

SINGAPORE



The CBRE islandwide prime rental index grew by a slight 0.8% q-o-q, with the limited increase due to the small number of rental renewals for prime space that occurred during the quarter. Average prime rents in Orchard Road and suburban areas continued their steady climb, rising 0.6% and 1.1% q-o-q to S\$34.60 psf per month and S\$28.40 psf per month, respectively. The revamping and reconfiguring of older retail developments continued. Hotel Phoenix and Specialists' Shopping Centre closed to make way for a new development, the details of which are unknown, and the library at Ngee Ann City will close in November. The 17,000-sf space could be subdivided into smaller units. The closing of the BIG megastore in the HarbourFront Centre released some 80,000 sf into the market. The landlord is expected to sub-divide the space and seek higher rents. A decision could soon be made on the government's S\$40-million Orchard Road makeover plan, as the Singapore Tourism Board evaluates options for enhancing the island's premiere shopping street. The development of the Orchard Central, Somerset Central, ION Orchard and Scotts Square retail projects will further burnish the Orchard Road retail environment.

MAJOR LEASING TRANSACTIONS

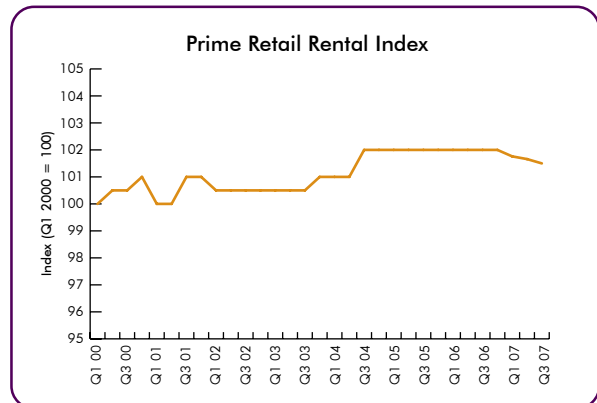
District	Property	Approx. Size (sf)	Tenant
Fringe	Tanglin Village	35,000	House (Spa Esprit)
Suburban	Great World City	3,000	Specialist Eyecare Centre
Downtown Core	Capitol Tower	2,519	Bang & Olufsen

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# THAILAND

# BANGKOK

In light of the current subdued market conditions, the opening of Trendy Plaza and the expansion of Zen@CentralWorld were postponed to the fourth quarter. The 75,320 sf of non-prime supply that entered the market marked a significant decline from the 1.13 million sf of retail supply in the first half. Leading mobile phone retailer Jay Mart Plc opened its first J-Venue Mall at the Navanakorn Industrial Estate in suburban Bangkok. The proposed Retail and Wholesale Business Act was sent to the National Legislative Assembly at the end of September. However the legislation, Thailand's first governing the sector, is unlikely to be passed by the government given that the election scheduled for December will dissolve the appointed National Legislative Assembly. The draft legislation which would create a Central Commission to regulate the sector, and place some controls on large retailers will be considered when the new government takes office in 2008. Landmark Education leased 21,530 sf in the CRC Tower, All Seasons Place, in Central Lumpini, Kiehl's took 2,422 sf at Siam Paragon and THULE leased 3,445 sf in CentralWorld for a concept store.



## MAJOR LEASING TRANSACTIONS

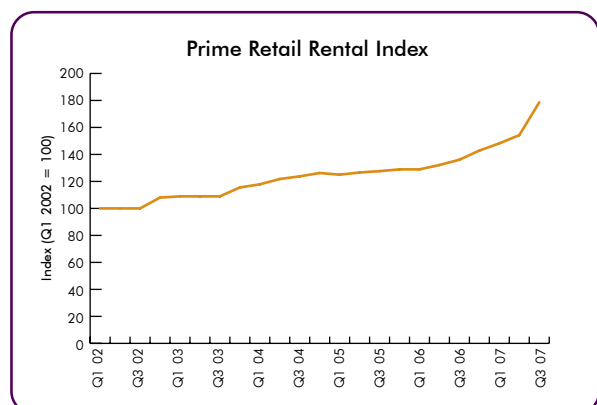
District	Property	Approx. Size (sf)	Tenant
Lumpini	All Seasons Place	21,530	Landmark Education
Pathumwan	Siam Paragon	2,422	Kiehl's
Rajprasong	CentralWorld	3,445	THULE

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# PHILIPPINES

# MANILA

Several new or expansion projects are scheduled to open in the fourth quarter, ahead of the holiday shopping season. The most notable of these projects involves the Ayala Center, Makati. The large-scale mixed-use complex, which includes numerous retail facilities, including the Greenbelt and Glorietta malls; Phase 1 of the Greenbelt 5 (total 355,212 sf retail, Phase 1 145,314 sf) will open in the fourth quarter. As of August this space was 86% committed; Phase 2 will open by the third quarter of 2008. The Glorietta 5, a 274,482-sf mixed-use development (102,258 sf retail, 172,224 sf office) is also under construction and will be operational by 2009. It will include some 800 parking spaces and two retail floors of retail space (GLA 49,514 sf). The Ayala Center plan also includes a US\$153 million project by a JV between Ayala Land and Dubai-based Kingdom Hotel Investments consisting of a 300-room Fairmont Hotel, a 30-suite Raffles Hotel and 189 Raffles branded residential units. Ground will be broken on the 79,406-sf site in the fourth quarter.



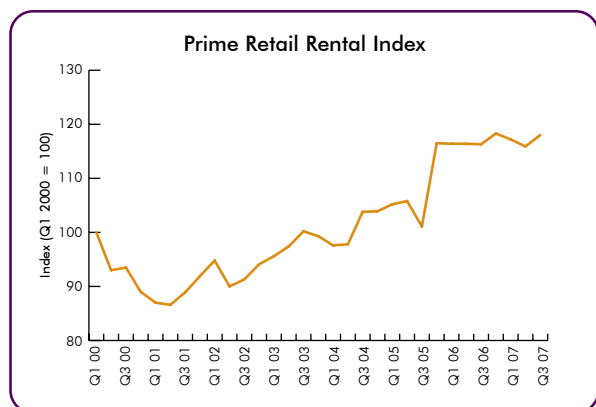
## MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Makati	Greenbelt 3	1,074	Bang & Olufsen

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

# INDONESIA

# JAKARTA



F&B and fashion retailers continued to dominate activity in Jakarta's retail sector, especially in prime CBD shopping centres. Dolce & Gabbana and the Wine Grill Restaurant entered Grand Indonesia Shopping Town, taking 2,152 sf and 4,305 sf, respectively. Pacific Place continued to attract F&B retailers, with the Wine Grill Restaurant taking 4,305 sf and Sega Fredo Resto 1,614 sf. Kiadon Restaurant opened its latest restaurant (4,305 sf) in Mall Taman Anggrek. Sudirman Place was sold to a property player for an undisclosed sum. The mall had opened in mid-2006 but marketing and management problems led to lackluster interest from shoppers and potential tenants despite its CBD location, and it was closed before being sold. Despite strengthening demand for prime CBD space, US dollar base rent for shopping malls declined 6.2% q-o-q to US\$6.14 psf per month, due in large part to the depreciation of the US dollar; landlords with such rents are expected to increase rents and service charges, especially for new tenants. Rents quoted in IDR increased 2.3% q-o-q to IDR 56,270 psf per month. Looking ahead, the fourth quarter is Indonesia's major shopping season. Occupancy levels and rents are likely to increase as a result of increased demand and activity.

## MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Central	Grand Indonesia	2,152	Dolce & Gabbana
West	Mall Taman Anggrek	4,305	Kiadon Restaurant
South	Pacific Place	1,614	Sega Fredo Resto

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

# INDIA

# NEW DELHI

The organised luxury segment witnessed significant activity in the third quarter. Premium retail space had been largely limited to hotels, but domestic developers now targeting the segment include Future Group, investing INR 200 million (US\$4.9 million) to develop nine prime mall across India, and the Geetanjali Group, planning an initial investment of over INR 1 billion (US\$20 million). Select Infrastructure will open The New Delhi Dome luxury mall Saket, South Delhi in early 2008.

Over the next few years, Future Group will develop approximately 16 million sf of retail space, investing approximately INR 1.2 billion (US\$30 million). It will also establish discount shops and additional HomeTown outlets, The K. Raheja Group will invest INR 15 billion (US\$370 million) to develop approximately 70 Hypercity hypermarkets and 250 convenience stores over the next five years; Reliance Retail is planning a massive INR

250 billion (US\$6.12 billion) investment to open approximately 500 hypermarkets, 700 Reliance Town Centres and 1,600 shops in rural areas. AEZ Group will develop 10 shopping malls in the NCR and RMZ Corporation is developing approximately 11 million sf of retail space.

International developers such as Plaza Centers and West Pioneer Properties are also interested in the retail sector. RPG Retail plans to add 5,000 outlets by 2011 and fast-food chain Jumbo King 500 restaurants by 2010, while global luxury giant LVMH is planning to invest US\$560-700 million of private equity in Indian retail chains and brands. DLF is currently in talks with Giorgio Armani and Dolce & Gabbana evaluating entry strategies. Those already present, including the Bharti-Wal-Mart JV, Metro AG and Giordano are in the midst of expansions.

## MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
South Delhi	MGF Metropolitan Mall, Saket District Center	1,240	Derhy
South Delhi	MGF Metropolitan Mall, Saket District Center	7,000	Olive
South Delhi	South Extension, Part - 2	4,000	Lacoste

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## VIETNAM

## HO CHI MINH CITY

HCMC remained an attractive destination for international brands in the third quarter of 2007, with many retailers expanding their presence in the city by launching new stores. In September 2007, levels 1-5 in the Zen Plaza were refurbished. Following the renovation, Giovanni leased space on the the third floor and Kappa on the fourth.

The vacancy rate in the HCMC retail market ended the quarter at 3%. Given these tightened market conditions, some international brands looking for prime retail locations have again had to take available space in office buildings or shophouses on busy streets in the CBD. In August, Adidas opened its largest HCMC store, Located at 112 Nguyen Hue Street in the CBD, the store has a total retail area of 2,152 sf and the same design standards as other Adidas stores in more developed retailing hubs

in Asia. After launching its first HCMC store in the Diamond Department Store, Esprit opened its second store in Jardine House, an office development with retail space on the ground floor, in Dong Khoi Street, a well known retail location in the CBD. Due to the continued imbalance between supply and demand, average rents in prime retail locations continued to rise, reaching US\$80 psm (US\$7.43 psf) per month in the third quarter. Rents for ground floor shops in the most attractive locations rose over the third quarter to US\$200 psm (US\$18.5 psf) per month. A number of international branded goods retailers are eagerly awaiting the completion of Saigon Paragon. The first luxury boutique department store in the Phu My Hung new urban centre in District 7, it will provide 161,460 sf of retail space when launched in the first quarter of 2008.

### MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
51	Nguyen Hue Street	2,153	Addidas

*The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.*

## VIETNAM

## HANOI

Young, fashion-conscious Vietnamese consumers with rising levels of disposable income increasingly prefer - and growing numbers can afford - to shop at high-end retail shops.

In a surprise move, Nettra, Vietnam's largest cell-phone distributor withdrew from the retail market in June. Viettel originally tried to take over the entire Nettra distribution system, but in the end Nettra's network of 115 shops nationwide (including 44 in Hanoi) was divided among several buyers. In the F&B sector, KFC opened its fourth Hanoi outlet, located on Le Duan Street, while Korean fast-food chain Lotteria announced that it will add additional restaurants in Hanoi by the end of the year.

Dutch hypermarket operator Metro opened a new US\$15 million Cash & Carry in the Hoang Mai District near Yen So Park. The store is the second Metro Cash & Carry in Hanoi and eighth in Vietnam.

In August, Korean developer Keangnam broke ground on a US\$1.05 billion project on a 46,000-sm (495, 144-sf) site in the My Dinh area, the planned CBD under development, west of the existing city centre. The mixed-use development will consist of one 70-storey building and two 47-storey buildings and include a five-star hotel, office, apartment and retail components. When completed in 2010 the project will provide significant retail stock. It is just one of several major projects with significant retail space under development in My Dinh and scheduled for completion in 2010.

**NO MAJOR TRANSACTIONS WERE RECORDED IN HANOI IN THE THIRD QUARTER OF 2007.**

JAPAN

TOKYO

Emerging suburban shopping centres are beginning to play a larger part in Japan's retail landscape. The openings of La Zona Kawasaki and Lalaport Yokohama, both developed by Mitsui Fudosan over the past year may herald a trend in which large underutilized industrial sites are redeveloped into Japan's version of sub-regional shopping centres. Despite the fact that they lack anchor department stores, both malls provide approximately a million square feet of retail space, offering an attractive alternative to the traditional urban shopping experience.

Both projects were developed on former manufacturing sites, and as economic recovery continues to spur restructuring programmes at Japanese companies, their large non-core property assets are likely to become targets for retail developers. Mitsui's next project, Laragarden Kasukabe, is scheduled to open in November. The 248,000-sf mall is located on the

west side of the Tobu Line's Kasukabe Station in Saitama Prefecture. It will be Mitsui's fourth project under the concept of "Life Style Park Series," which is a Japanese version of a lifestyle centre.

In Kobe, Sumitomo Corp and others including Hanshin Electric Railway and Orix Real Estate are redeveloping the site of an industrial high school. Scheduled for completion in March 2008, the project consists of a five-storey retail building and a fifty-storey residential building. Situated near the Hanshin Line's Mikage Station in Higashi-Nada-ku, Kobe, the project will be anchored by a Hanshin Department Store. Hankyu Corp's Nishinomiya Garden, also in the Kansai region, will be completed in late 2008. Developed on a former stadium site, the complex will be connected to the Hankyu Line's Nishinomiya Station and will provide 2.6 million sf of retail space, including Hankyu Department Store, LOFT and Uniqlo.

MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Ginza	Armani Ginza Tower	64,600	Armani Group
Shibuya	Parkway Square 1	16,200	Armani Exchange
Ginza	Marronnier Gate	8,400	United Arrows

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.

SOUTH KOREA

SEOUL

Consumer sentiment remained strong during the third quarter, and the increase in shopping activity during the mid-autumn festival in September boosted retail sales: consequently third quarter sales in discount outlets and department stores were up 20.9% and 8.5%, y-o-y, respectively.

Leasing activity was particularly upbeat in the Myeongdong sub-market, as a number of international fashion retailers chose to open their first Korean stores in the area during the quarter. Myeongdong, located in Seoul CBD, is a prime location for both local and international retailers, especially flagship stores. North American clothing retailers GAP and Roots entered Korea via Myeongdong stores in August and plan to expand nationwide. ZARA is also expected to open in Korea by year-end. The wave of foreign retailers entering the market or expanding is expected to spark a wave of intensified competition for prime retail space, though

rents for existing tenants are not expected to increase over the short- to medium-term.

Some institutional investors appear to view the situation as a buying opportunity, and several investors have purchased malls and announced plans to renovate them, focusing on adding entertainment facilities. Leading K-REIT management company Koramco acquired the Avatar Mall. Koramco will refurbish the Myeongdong property and inject it into a REIT. Foreign institutions are also looking into the market. In August, UK-fund Trisees, a Doran Capital Partners fund, purchased a Migliore shopping mall located in Daegu. The facility will be renovated and refurbished as a high-end shopping centre.

MAJOR LEASING TRANSACTIONS

District	Property	Approx. Size (sf)	Tenant
Shinchon	Doksoori Bldg	21,350	Beans & Berries
Myeongdong	N/A	35,000	GAP

The above leasing transactions are reported according to the best of our knowledge but we do not guarantee their accuracy.



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# ASIAN RETAIL MARKET FLASH

Q3 2007



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