



ASIAN INDUSTRIAL PROPERTY **MARKET FLASH**

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EXECUTIVE SUMMARY

In the first quarter of 2007 institutional investors continued to show strong interest in the acquisition of logistics facilities, with high levels of investment activity in Japan and China. Demand for industrial property or land remained buoyant in most Asian cities on the back of robust economies and sustained growth in the manufacturing sector.

In **Japan**, investor interest in distribution facilities continued to grow during the first quarter of 2007, with domestic and international investors both active in the sector. Mitsui Soko and recent entrant Mapletree Logistics Trust were among those making purchases. At the same time, ProLogis and AMB remained among the most prolific developers of large, high-specification logistics facilities. The quarter saw domestic logistics leasing and asset management firm J-REP announce plans to construct five distribution facilities over the next 12 months.

Singapore saw increases in both rents and capital values of industrial property during the first quarter, with further appreciation expected. Developers displayed robust interest in the sector, purchasing four industrial development sites during the quarter at unit prices above those recorded in 2006. Though high-tech space continued to lead the sector, average factory rents rose after remaining unchanged throughout 2006 and the average rent for warehouse space increased for the first time since 2003.

In **Hong Kong**, demand for industrial space remained strong thanks to robust re-export activities and investors' optimism about the local economy. Landlords saw room for upward price and rental adjustments in all industrial sectors. However, completion of a number of upcoming office developments in East Kowloon will exert downward pressure on rents and prices in the industrial/office (I/O) sector. Investment activity was extremely brisk, with HK\$2.5 billion in en bloc and site transactions recorded during the quarter.

Industrial land prices in **China** appreciated further following the Central Government's introduction of minimum land prices and open market mechanisms for primary sales of industrial land in late 2006. The average price of **Shanghai** industrial land rose 3.2% q-o-q to RMB 879.4 psm (RMB 81.7 psf), while the average rent of industrial facilities increased 2.5% q-o-q to RMB 38.5 psm (RMB 3.6 psf) per month. Three industrial land parcels in Shanghai were transferred by means of public listing for

the first time under the new regime. The price of industrial land in **Guangzhou** similarly surged after the implementation of the new policies. The rise in land prices has not dampened industrialists' enthusiasm about the Pearl River Delta, and the industrial market saw brisk investment and leasing activity.

In **Beijing**, logistics has emerged as the hot spot in industrial property investment, with a number of international logistics property developers and investors including AMB, ProLogis and Mapletree actively seeking suitable investment opportunities. Investors have focused on mature industrial areas, including Shunyi Tianzhu in northwestern Beijing and Tongzhou Majuqiao in the southeastern city.

Chengdu's industrial sector continued its rapid expansion in the first quarter of 2007. The first two months of the year saw 168 enterprises commit to entering Concentrated Manufacturing Industries Planned Areas. In March, PetroChina announced that it would invest RMB 38 billion in an oil refinery and ethylene plant in Pengzhou, Chengdu. The mega-project is expected to stimulate industrial property development throughout the Pengzhou area.

A number of MNCs are expanding their operations in the **Philippines**, with companies in the manufacturing and IT services sectors being the chief demand drivers. Occupiers in a number of industrial zones are expected to be awarded a number of tax perks following new legislation.

In **Vietnam**, the value of **Ho Chi Minh City's** industrial output continued to grow rapidly, registering a 12% q-o-q increase in the first quarter of 2007, although the rate of growth was lower than that recorded in 2006. The quarter saw the announcement of additional large-scale industrial projects, many involving investments by MNCs. On the back of **Hanoi's** strong export and buoyant economic growth, the majority of the city's major industrial parks remained fully occupied, as demand has persisted in tandem with the growth in foreign investment.

In **Thailand**, recent events including the implementation of capital control measures and more stringent rules limiting foreign ownership of Thai companies continued to impact on sentiment in the industrial property market, leading to a drop in sales of serviced industrial land plots. However, the signing of a Thai-Japan free trade agreement in April 2007 provided some positive news to the market.

INDICATIVE LAND VALUES

Country	City	Industrial Park	Indicative Land Values (psf)		Forex (30-March-07)	
			Local currency	US\$ equivalent		
GREATER CHINA						
PRC	Beijing	Zhongguancun Life Science Park	RMB	147.7	19.1	7.73
		BDA		51.1	6.6	
		Beijing Tianzhu Airport Industrial Zone		97.5	12.6	
	Shanghai	Zhangjiang Hi-tech Park	RMB	165.3	21.4	
		Jinqiao Export Processing Zone (South)		109.5	14.2	
		Qingpu Industrial Zone		48.2	6.2	
	Guangzhou	Yonghe Economic Zone	RMB	55.7	7.2	
		Science City		55.7	7.2	
		Nansha Development Zone		31.2	4.0	
		Airport Economic Zone		26.8	3.5	
	Chengdu	Chengdu High-Tech Development Zone	RMB	44.6	5.8	
		Chengdu Economic & Technological Development Zone		15.6	2.0	
SOUTHEAST ASIA						
Singapore		60-year leasehold land	S\$	40-45 /plot ratio	26.3-29.6	1.52
Bangkok	Bangkok	Amata Nakorn Industrial Estate, Chonvuri	THB	255.5	7.3	35.01
		Eastern Seaboard Industrial Estate, Rayong		145.2	4.1	
		Wellgrow Industrial Estate, Chachoengsao		267.0	7.6	
		Rojana Industrial Park, Ayutthaya		174.2	5.0	
		Nava Nakorn Industrial Zone, Pathumthani		290.0	8.3	

INDICATIVE INDUSTRIAL RENTAL VALUES

Country	City	Type of Space	Indicative Rental Values (psf)		Forex (30-March-07)	
			Local currency	US\$ equivalent		
GREATER CHINA						
PRC	Hong Kong	Factory	HK\$	6.7	0.9	7.81
		Warehouse		6.2	0.8	
SOUTHEAST ASIA						
Thailand	Bangkok	Factory	THB	16.7-18.6	0.5	35.01
Philippines	Manila	Greenfield Automotive Park *	PHP	8.87	0.18	48.25
		Lima Technology Center *		4.48	0.09	
		Carlmelray Industrial Park I (Factory)		16.81	0.35	
		Calamba Premier International Park (Factory)		12.33	0.26	
		Filinvest Technology Park (Factory)		11.21	0.23	
Vietnam	HCMC	Tan Thuan EPZ *	VND	-	0.025	16020
		Hiep Phuoc Industrial Zone *			0.015	
	Hanoi	Hanoi-Dai Tu IP *	VND	-	0.015	
		North Thang Long IP *			0.012	

* Land sites

JAPAN

2007 looks set to see the continued dominance of ProLogis and AMB in the development of large-scale, high-specification distribution facilities. In February, ProLogis completed the 1.4 million-sf Prologis Parc Sugito II, which opened with over 60% occupancy. Between them, ProLogis and AMB will develop facilities providing approximately three million sf of GFA during the first seven months of 2007.

Recent leasing activity indicates increased interest from single occupiers in medium-to-large distribution centres offering unit sizes of over 1,000 tsubo (35,580 sf). In light of rising demand, domestic developers have also begun constructing distribution facilities, with plans suggesting that they intend to focus on developing smaller facilities, thereby avoiding direct competition with ProLogis and AMB.

In March, J-REP opened a 398,000-sf build-to-suit facility in Ashikaga for Footwork Express (logistics provider), and fully leased its J-REP Logi Station Fukuoka to Fukuoka Sogo (logistics provider). Located in the

Hakozaki Wharf area (Port Hakata) and scheduled for completion by March 2008, Logi Station Fukuoka will provide about 290,000 sf of GFA.

Buoyed by the growth in capital targeting the sector, the logistics investment market is rapidly becoming a seller's market. January saw Orix Real Estate sell the Misato Distribution Centre in Saitama to Mitsui Soko. Scheduled for completion by May 2007, the facility will provide approximately 771,000 sf of GFA. Commercial RE disposed of newly completed distribution centres in Tokyo, Kyushu and Tohoku during the review period. The five facilities totalled approximately 758,000 sf of GFA. New entrant Singapore-based Mapletree Logistics Trust acquired five logistics properties for a consideration of JPY 27.8 billion during the quarter. Sentiment suggests that investors are now pricing logistics properties more aggressively, however the market's lack of transparency makes this difficult to substantiate.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
Ashikaga, Tochigi	J-REP Logi Station Ashikaga	Distribution centre	398,000	Footwork Express
Hakozaki, Fukuoka	J-REP Logi Station Fukuoka	Distribution centre	290,000	Fukuoka Soko
Misato, Saitama	CRE Misato	Distribution centre	210,000	Shibuso Sogo
Narita, Chiba	AMB Narita	Distribution centre	70,000	Nanso Transport

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

SINGAPORE

The average monthly rent for high-tech space continued to increase in the first quarter, reaching S\$2.10 psf, up from S\$2.00 psf in the previous quarter, driven primarily by demand from companies seeking high-tech space as an alternative to traditional office space. Rents are expected to increase further during the year as the supply of office space continues to tighten.

The average monthly rent for factory space rose by S\$0.05 psf during the quarter, reaching S\$1.30 psf and S\$1.05 psf for ground and upper floor units, respectively. The average capital values of freehold factory space rose from S\$332 psf for ground floor space and S\$270 psf for upper floor space to S\$349 psf and S\$284 psf respectively.

The average monthly rent for warehouses increased for the first time since 2003, rising by S\$0.05 psf to S\$1.30 psf for ground floor units and S\$1.10 psf for upper floor units. The average capital values of freehold

warehouse space rose from S\$385 psf for ground floor units and S\$335 psf for upper floor units to S\$404 psf and S\$352 psf for ground floor and upper floor units, respectively.

Four industrial sites were transferred during the quarter under the government land sales programme, more than half the number awarded throughout 2006. The unit prices for the sites, located in Serangoon North Avenue 4 (S\$61 psf/plot ratio), Woodlands Industrial Park E5 (S\$28 psf/plot ratio), Tuas Bay Drive/Tuas South Avenue 3 (S\$23 psf/plot ratio) and L1 Enterprises Road (S\$38 psf/plot ratio), were higher than those for sites sold in the previous quarter and the first quarter of 2006.

The government released the confirmed and reserve lists of land for sale in the first half of 2007 in January. The confirmed list includes two industrial sites, Tampines Street 92/Simei Avenue and Kaki Bukit Road 3, with a total site area of 3.3 hectares.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
20	TechPoint	High-Tech	4,850	Aberdeen Asset Management Asia Ltd

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PRC - BEIJING

In the first quarter of 2007, Beijing industrial property prices continued their steady increase, with the average industrial land price reaching RMB 1,153 psm (RMB 107 psf), up 1.2% q-o-q. The average asking rent for prime industrial properties was RMB 51 psm (RMB 4.74 psf) per month, an increase of 0.5% q-o-q as steady growth in demand for industrial properties continued to push up industrial property rents.

The State Council's imposition of regulations on industrial land sale methods and minimum industrial land prices in the third quarter of 2006 also contributed to the rise in industrial land prices and the appreciation of industrial capital values and rents, trends that are expected to continue.

In order to avoid an anticipated increase in rental expenses, some end-users have opted to purchase industrial properties. Two such transactions

were recorded during the quarter, with China Tex Mechanical Electrical Engineering Ltd and Prostar International Electric Co Ltd respectively buying 32,300 sf and 21,500 sf of factory space in Liando U Valley, located in Tongzhou's National Environmental Industry Zone.

Growing numbers of investors have become interested in industrial property, a sector that normally receives limited attention, since it offers higher, more stable yields and steadier supply-demand conditions in comparison to other property sectors. International industrial investors and developers such as ProLogis and AMB are actively pursuing investment opportunities in Beijing, and the industrial property market is also beginning to attract private domestic capital. The Beijing Liandong Investment Group, for example, recently invested in the construction of the Liando Industrial Park in Tongzhou, a development with a total GFA of 8.61 million sf.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
Daxing	Liando U Valley	factory	13,990	Demaite Medical Equipment Co., Ltd
Daxing	Tongzhou Industrial Park	factory	10,760	Courbis Group

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PRC - SHANGHAI

The transfer of industrial land via the public bidding, listing and auction method began in Shanghai in the first quarter of 2007 following the new regulations issued by the Central Government in late 2006.

Three industrial plots were successfully transferred by public bidding, though rigid qualifications for participation reduced competition and the deals were all made at the base price.

Located in a planned logistics zone near Pudong International Airport, the three land plots sold cover a total site area of over 5.38 million sf with transaction prices almost double those of comparable sites transferred previously by private treaty, implying that there is considerable potential for further appreciation in industrial land capital values.

Leasing and sales activities remained buoyant in major industrial zones,

particularly for R&D and logistics facilities. Notable acquisitions included Trident Multimedia Technologies purchase of Block 26 in Gem Park in Caohejing. Trident will use the GFA 115,200-sf building as an R&D facility.

In Lingang, Maersk leased a 107,600-sf facility for use as a distribution centre, while TRW leased 8,900-sf of warehouse space in the Waigaoqiao Free Trade Zone, where Dolby also took up 5,400-sf of R&D space.

Other major deals concluded during the quarter included Eastman Industrial leasing 24,100-sf of warehouse space in Qingpu, Philips leasing a 48,400-sf factory in Jiading and Comet leasing a 43,100-sf factory in Jingqiao North. The 228,500-sf Phase I of Unilever's headquarters in the Hongqiao Linkong Economic Zone has been completed, with the 290,800-sf Phase II scheduled for completion in 2008.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
Jiading	Jiading Industrial Zone	Factory	48,400	Philips
Pudong	Jingqiao North	Factory	43,100	Comet
Pudong	Waigaoqiao Free Trade Zone	Warehouse	8,900	TRW
Qingpu	Qingpu Industrial Zone	Warehouse	24,100	Eastman Industrial

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PRC - HONG KONG

Conditions in Hong Kong's industrial property market remained buoyant in the first quarter of 2007. The vacancy rate in the warehouse sector continued to drop, tightening to 2% from 2.1% q-o-q. The tight supply of new space has continued to create difficulties for firms seeking to acquire high quality warehouses, driving warehouse capital values and rents up 2.2% and 1.1%, respectively, q-o-q.

In the I/O sector, capital values and rentals have maintained a steady upward trend since 2004, registering q-o-q growth of 3.7% and 1.7%, respectively, in the first quarter. However, these steady increases are expected to subside slightly as large amounts of new office space come on stream in decentralised areas later this year. East Kowloon pipeline office projects will certainly put pressure on prices and rents of existing I/O premises.

The performance of factory premises in the first quarter was in line with the overall industrial property market, with capital values rising 3.9% q-o-q, and rents registering milder q-o-q growth of 1.1%.

Investment activity was extremely brisk in the industrial sector, with the HK\$2.5 billion in en bloc and site transactions, or four times the amount recorded in the first quarter of 2006. The total area transacted reached 1.95 million sf, a 245% increase y-o-y. The transfer of the Paul Y. Centre in Kwun Tong was the largest en bloc transaction during the quarter, with a local buyer purchasing the 380,000-sf I/O property for HK\$1.15 billion. In another notable transaction, Sun Hung Kai Properties acquired an industrial site with a land area of 25,750 sf at 181 Hoi Bun Road in Kwun Tong for HK\$345 million.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
Kwai Chung	Riley House	Industrial	48,470	City Super Ltd
Kwai Chung	Trans Asia Centre	Industrial	19,520	Uni-Link Logistics Ltd
Shatin	Tai Sang Shatin Warehouse Centre	Warehouse	26,430	Compearl Holdings Ltd
Shatin	Fo Tan Industrial Centre	Industrial	14,520	FE Global HK Ltd
Tsuen Wan	Tsuen Wan International Centre	Warehouse	29,400	Pfizer HK Services Co Ltd

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PRC - GUANGZHOU

The Guangzhou industrial property market was dominated by the launching of overseas-invested build-to-suit projects in major industrial development areas during the first quarter of 2007. International IT giants Microsoft, Intel and IBM commenced R&D centre development projects in the Guangzhou Development District's Science City during the first quarter.

Investment in heavy industry, primarily automobile, petrochemical and steel production, continued to flow into the Nansha Development District (NDD). In January, Titan Petrochemicals revealed plans to strengthen its business in the NDD following the opening of its first on-shore oil storage facility in the district in late 2006. Guangzhou Iron and Steel Enterprises Group and Japan's JFE agreed to jointly develop new production lines for steel products in Nansha, with completion of the

new plant housing their production lines targeted for 2009. In addition, the largest container manufacturing facility in Guangzhou began production in the NDD at the end of March.

The industrial property sector's growth potential has attracted domestic developers to the logistics facilities market. The Clifford Group's 1.86 million-sf Clifford Aero Logistics Center, located near Guangzhou Baiyun International Airport, is expected to come on stream this year. The project involved a total investment of RMB 600 million. R&F Properties is developing R&F Golden Port City in the Jinggu Industrial Area near the airport. The project has a total land area of 6.73 million sf, and will be used to accommodate logistics operations. Completion of the first phase is expected in 2008.

SELECTED SALES TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)
Tianhe	505 Mid Huangpu Avenue, Yuancun	Site	203,500
Liwan	2,4,8-14,1-19 Dongqishi Street, Fangcun	Site	11,700

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

PRC - CHENGDU

In the first quarter, the Management Committee of the Chengdu High-Tech Development Zone (CHDT) revealed its plans to undertake large-scale investment in property development in 2007 to support the fast growth of Chengdu's high-tech manufacturing sector, R&D and software developments. One of the plans is the expansion of high-tech parks, including Tianfu Software Park Phase II and the High-Tech Incubation Park, bringing the total land area of the two parks to more than 6.46 million sf.

The construction of Tianfu Software Park Phase II began in the first quarter. To be developed in three stages, the project will include 4.95 million-sf of R&D and office space and 1.08 million sf of amenities. A total of approximately RMB 2.2 billion will be invested in the project,

which is expected to come on stream in 2009.

In March 2007, the Sichuan provincial government and PetroChina signed a cooperation agreement concerning the development of China's largest integrated oil refinery and chemical engineering facility in Pengzhou, Chengdu. The project will involve an estimated investment of RMB 38 billion and is scheduled to be completed in late 2010. The project is expected to stimulate the development of downstream processing industry in Chengdu. In this quarter's notable transactions, domestic food companies, Zhejiang Wufangzhai Group and Wahaha Group, entered the Chengdu National Cross-Strait Technology Industrial Park, renting land areas of 385,700 sf and 717,300 sf, respectively, for the construction of food processing plants.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
Wenjiang	Chengdu National Cross-Strait Technology Industrial Park	Factory	385,700	Zhejiang Wufangzhai Group
Wenjiang	Chengdu National Cross-Strait Technology Industrial Park	Factory	717,300	Wahaha Group
Longquanyi	Chengdu National Economic Technological Development Zone	Factory	n.a	Akzo Nobel Coating Co Ltd

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PHILIPPINES

A number of MNCs are planning to expand their Philippine operations. Petron is investing US\$2.5 million to develop a fuel additives blending facility at a Japanese-owned industrial park in Subic. With construction set to start in May, the facility is expected to begin production by January 2008.

Nestlé Philippines has earmarked PHP 1.3 billion to upgrade its four manufacturing plants, while Wyeth Philippines Inc has announced a US\$81.5-million expansion project at its milk formula manufacturing facility in Canlubang, Laguna. The project is expected to be fully operational by 2008, enabling some production to be exported.

The legislature ratified a measure restoring incentives and tax amnesties to companies located in economic zones near the Subic Bay Freeport.

The incentives had been revoked after a 2005 Supreme Court decision found that the 1992 Bases Conversion Act authorised incentives for Subic only, ending those offered in other economic zones. Companies with operations in the Clark Special Economic Zone, Clark Freeport Zone, Poro Point Freeport Zone in La Union, Camp John Hay in Baguio City and the Bataan Economic Zone in Morong will now pay a 5% tax on gross income, with the national government receiving 3%, and 2% earmarked for the host municipality or city.

The industrial property sector is expected to see moderate growth as MNCs expand current operations. The Baguio City Economic Zone, one of the four government-administered economic zones, is anticipating PHP 6.7 billion of investment this year.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
Baguio City	Baguio City Economic Zone	Factory	699,660	Moog Controls Corp
Baguio City	Baguio City Economic Zone	Liquified natural gas terminal	16,290	Ingasco

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THAILAND

Sales of serviced industrial land plots (SILPs) fell 35.1% q-o-q and 14.6% y-o-y with a total of 655 rai (11.3 million sf) of such plots sold during the quarter. The average price of SILPs remained unchanged, ranging between THB 174-232 psf per month. Rents of ready built factories (RBFs) were also static, ranging between THB 16.7-18.6 psf per month.

Investment continued to be focused on the petrochemical, processed metal and electronics sectors; which accounted for 43.8% of the number of projects approved and 36.1% of the total amount invested. The government recorded US\$616.4 million of foreign direct investment in January 2007, down slightly from the US\$619.7 million recorded in December 2006.

TICON Industrial Connection (TICON), a major developer of RBFs,

sold nine RBFs during the quarter; three to the affiliated Ticon Property Fund (TFUND), a listed property fund, and six to tenants. TICON intends to sell more RBFs to TFUND in 2007 in order to raise additional funds.

In April, Thailand signed the Japan-Thailand Economic Partnership Agreement, a free trade agreement between the two countries, which is expected to further cement its economic relationship with Japan, the largest foreign investor in Thailand. It should also enhance Thailand's position as a regional hub for Japanese manufacturing networks, especially in the automotive sector.

The capital controls imposed in December 2006 have been largely relaxed, and foreign investments in property funds are no longer subject to the 30% reserve requirement if they are fully hedged.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Type	Size (sf)	Tenant
Bangkok	Warehouse	20,860	Isukoshi Healthcare
Bangkok	Warehouse	19,030	Dive World (Thailand)
Bangkok	Warehouse	9,800	SK Kaken (Thailand)

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VIETNAM - HO CHI MINH CITY

Large industrial projects continued to be licensed or approved in principle in the first quarter of 2007.

After several delays, the JV between India's Essar Global Limited and two Vietnamese partners (VSC and GERU) received a license to develop a US\$527 million hot-rolled steel plant in the Phu My 1 Industrial Park.

The Cai Mep - Thi Vai Port continued to witness a series of large incoming investments, which included 2006 projects by Maersk, SSA Holding, Port of Singapore Authority and Hutchison, as well as a US\$165-million project developed by SP-SPA Co Ltd, which was granted a license early this year. When completed, the port will have a handling capacity of two million TEU per year.

A number of power plant projects were also submitted for approval. Sembcorp signed a land-lease agreement for a site in the Hiep Phuoc Industrial Park in order to develop a US\$500 million power plant on a BOT basis. In another major transaction, newly formed JV TECO-Saigon Invest Group will develop a software park in HCMC's District 2. Phase I, on a five-hectare site, will require approximately US\$500 million in investment capital, while Phase II will involve a 25-hectare site.

In March, Saigon Van, a member of international relocation company UTS, opened a 21,500-sf warehouse in the Dong An Industrial Park. Although relatively small, it is one of the most modern warehouses in the Southern Key Economic Region, which includes HCMC and seven surrounding provinces. The area is the most developed in Vietnam in terms of industry, trade and services.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Type	Size (sf)	Tenant
Vung Tau	Phu My 1 Industrial Park	Industrial	n.a.	Essar, VSC and GERU Co
Vung Tau	Cai Mep-Thi Vai	Logistics	n.a.	SP-SPA
Nha Be	Hiep Phuoc Industrial Park	Industrial	1,076,400	Sembcorp

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VIETNAM - HANOI

Three of Hanoi's industrial parks, North Thang Long, Noi Bai, and Sai Dong B, were fully occupied in the first quarter of 2007, with prospective tenants displaying keen interest in the newly opened South Thang Long park. Of Hanoi's five industrial parks, Hanoi-Dai Tu had the highest rent (US\$100 psm for a term of 50 years), though the developer is now lowering the rent and reportedly considering other incentives in order to attract additional incoming industrial occupiers.

Many investors have applied to the Hanoi authorities for approval to enter the new South Thang Long Industrial Park, with Japanese enterprises displaying particularly keen interest.

The Hanoi government's socio-economic development plan for the city

until 2010 gives priority to high-tech industries and science-related investment and development, and the Hanoi Authority of Industrial Parks and Export Processing Zones (HAIEPZ) has stated that priority will be given to existing investors in Thang Long Industrial Park who wish to expand. In April, Panasonic Vietnam opened two new operations in Thang Long Industrial Park manufacturing high-tech electric and electronic products and electronic components.

HAIEPZ has announced plans to issue 20 new investment licenses and 20 revised licenses before the end of 2007, with the registered investment capital for the licenses totaling US\$100 million and US\$80 million, respectively.

SELECTED LEASING TRANSACTIONS IN Q1 2007

District	Property	Size (sf)	Tenant
Dong Anh	Thang Long Industrial Park	Approximately 1,076,400	Panasonic Communications Vietnam and Panasonic Electronic Devices Vietnam (subsidiaries of Panasonic Vietnam Co Ltd.)

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

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AREA MEASUREMENT

Measurement unit	Square metres	Square feet
1 acre	4,000	43,056
1 hectare	10,000	107,640
1 rai	1,600	17,216
1 square metre	-	10.764
1 square kilometre	1,000,000	10,764,000
1 tsubo	3.306	35.58

PEOPLE’S REPUBLIC OF CHINA

Industrial properties in the PRC include data centres, factories, logistics warehouses and high-tech and research facilities. Economic and Technological Development Zones (ETDZs) or industrial parks are areas designed and zoned for manufacturing and associated activities. Incentives associated with taxes, such as tax abatement are often provided for manufacturers in these industrial zones. Usually, tax shelters, abatements and incentives are offered to attract enterprises. Tax shelters provide an allowance for a postponement or elimination of a tax liability.

High-tech facilities refer to those factories designed for the manufacturing of products requiring high technology, such as computer parts or bioengineering related products. Most of these high-tech facilities are build-to-suit premises and only a minority are constructed for lease by private developers.

In Beijing, high-tech facilities are commonly found in Zhongguancun in Haidian District. In Shanghai, these facilities are clustered in Zhangjiang High-Tech Park (Pudong New District), Caohejing High-Tech Park and Zizhu High-Tech Park (Minhang District). In Guangzhou, high-tech facilities are mostly located in Tianhe District.

HONG KONG

Warehouse

This category comprises premises designed or adapted for use as godowns or cold stores and includes ancillary offices. Premises located within container terminals are also included. About 80% of the stock is located in the New Territories, with Kwai Tsing alone accounting for 40%.

Industrial/Office (I/O)

This category comprises floor space in developments with planning permission and lease modifications for industrial/office use and certified for occupation as such. The stock is distributed in 11 districts throughout the Hong Kong Special Administrative Region, with Kwun Tong, Shum Shui Po and Kwai Tsing, accounting for more than 70% of the total space.

Factory

This category comprises flatted factories and ancillary office accommodations. It includes flatted factory space with planning permission for industrial/office use for which government lease modification has not yet been completed. Also included in this category is strata-title floor space with temporary planning permission for industrial/office use and short-term waivers of government lease restrictions. It should also be noted that much of the flatted factory space completed in recent years has been built to a high standard with good finishes. Although many factory buildings are occupied as offices, showrooms, or a mixture of these uses and light industrial uses, they should be distinguished from buildings with proper industrial/office status. A majority of the stock is distributed in four districts, namely Kwun Tong, Tsuen Wan, Kwai Tsing and Tuen Mun, which account for 60% of the total supply.

JAPAN

Warehouse

This category comprises premises that are designated as logistics centres where commodities are stocked and shipped to retailers. This usually includes a small office for employees working there. Such offices do not conduct business with customers, but are solely for the general operation of the associated warehouse. In greater Tokyo, properties categorised as warehouses are concentrated in or near Narita Airport, Port of Chiba, Port of Tokyo and Port of Kanagawa, as well as the suburban fringe areas of Tokyo.

SINGAPORE

Factory

Factory space is broadly defined as the space used or intended to be used for the production of goods. It generally consists of buildings or part of buildings which are designed to accommodate activities such as printing and publishing, food and beverages, aerospace, machinery, fabricated metals, electronic industries, chemicals, manufacturing and assembly. About three quarters of Singapore's industrial factories are privately owned, with the public sector taking up the rest. Typically, the factories are located at the western end of the island, in Tuas and Jurong. Pockets of industrial factories can also be found along Sungei Kadut, Mandai, Woodlands East, Kaki Bukit, Eunos and Ayer Rajah.

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

1. Multiple-User Factory

This usually refers to a factory building subdivided into individual strata-title units. This results in multiple ownership of the factory building.

2. Single-User Factory

A single-user factory generally refers to a building that has a single occupier and is used solely for purposes related to that occupier.

Business Park

This refers to areas for non-pollutive industries and businesses that cater mainly to the needs of new industries in high value-added and knowledge-based activities. It includes Science Park, International Business Park, Changi Business Park and Biopolis.

Warehouse

Warehouse refers to covered space used for the storage of goods or raw materials. The West region, which is traditionally an industrial area, accounts for more than 50% of the total warehouse stock.

High-tech industrial

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

THAILAND

Industrial Estates

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

Industrial estates in Thailand are generally classified into three types:

- Those wholly owned and managed by the Industrial Estate Authority of Thailand (IEAT) (i.e. IEAT industrial estates)
- Joint ventures between IEAT and the private sector (i.e. industrial estates)
- Those wholly owned and managed by the private sector (i.e. industrial parks and industrial zones)

Serviced Industrial Land Plots

Serviced industrial land plots (SILP) are industrial land plots located within an industrial estate, park or zone, and include general industrial zones (GIZs), export processing zones (EPZs) and free trade zones (FTZs). A GIZ is the area reserved for industries manufacturing goods for domestic and/or export consumption. EPZs are reserved for industries manufacturing goods for export only. FTZs are reserved for industries manufacturing goods for both domestic and export consumption, and include a Customs office, enabling manufacturers to deal directly with the Customs Department. Unlike the former EPZ classification used by the BOI the

minimum export scheme is not applied in FTZs, and manufacturers in FTZs are not required to export at least 80% of their total production.

Warehouse

This category comprises premises designed for use as godowns and includes ancillary offices. The majority of the stock is located in the Bangkok Metropolitan Region (BMR).

Factory

This category comprises buildings with permits for industrial use. The majority of the stock is distributed in two areas, namely the northern and eastern parts of the Bangkok Metropolitan Region (BMR).

Ready built factories (RBFs) are designed for small- to medium-sized companies and have lower start-up costs. They can quickly mobilise operations once they receive orders from a customer. Most factories consist of single storey with mezzanine level offices. They are detached, with each unit separated from other units by security railing walls. Factory sizes range mainly between 800 and 3,000 sm (8,600 and 32,300 sf).

VIETNAM

Depending on the specifics of their businesses, enterprises operating within industrial zones are subject to full payment of import and export duties and other taxes and fees as stipulated by law.

In an Export Processing Zone (EPZ), goods exported or imported by export processing enterprises (including goods imported for the purposes of capital construction of the enterprises, goods imported for production purposes and goods for export) are exempted from export and import duties. However, the exchange of goods between domestic enterprises and export processing enterprises is considered a form of export-import activity that is subject to the provisions of Vietnamese laws on export-import activities. For products produced by export processing enterprises that are sold in the domestic market of Vietnam, import duties and other relevant taxes shall be paid.

In the case of goods processed by export processing enterprises for Vietnamese enterprises, the Vietnamese enterprises shall pay import duties upon delivery of the processed goods. In the case of goods processed by Vietnamese enterprises for export processing enterprises, the Vietnamese enterprises shall pay export duties upon delivery of the processed goods.

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Q1 2007



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