REPORT

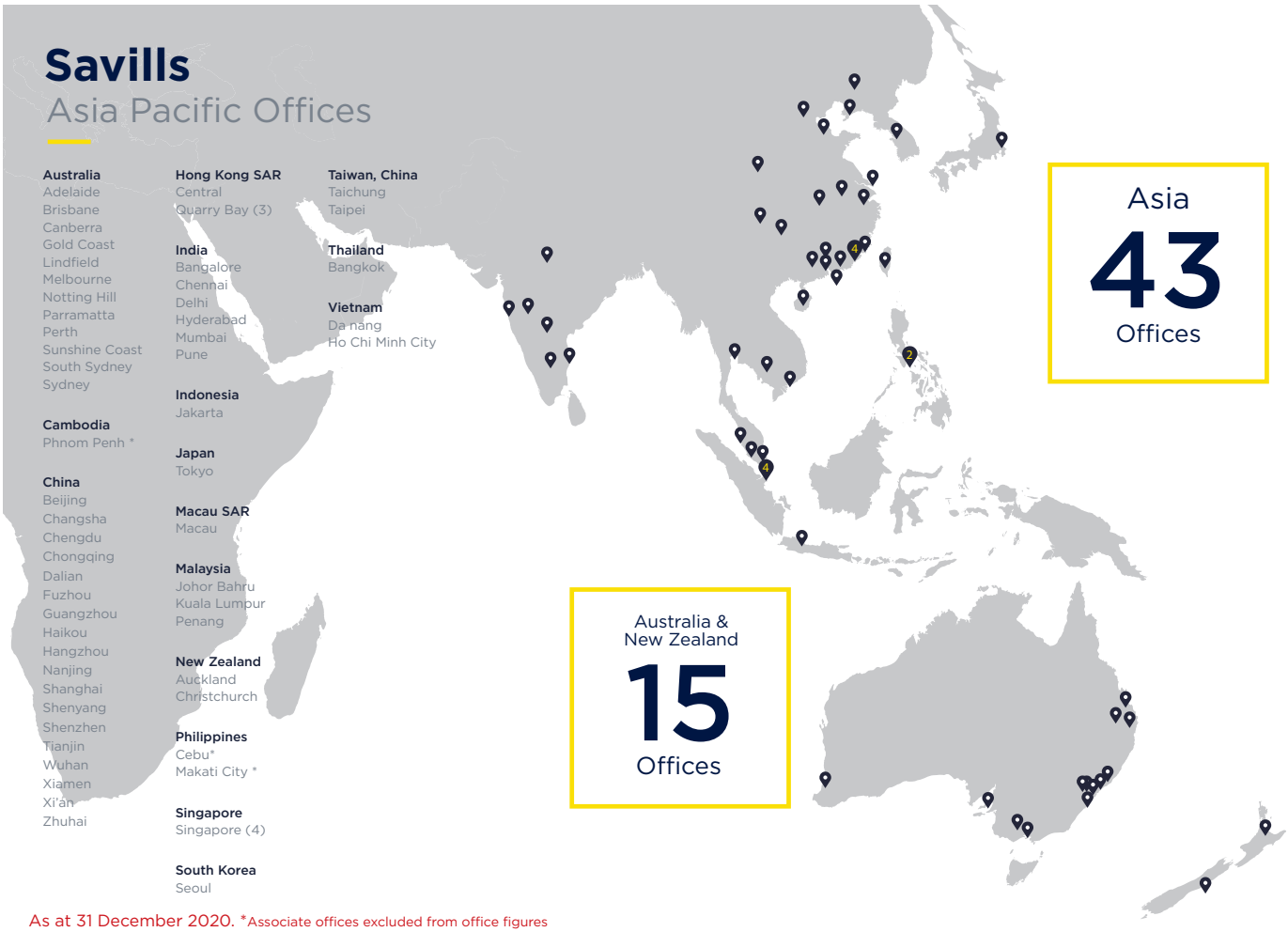
Savills Research

Asia Pacific – Q2 2021

Investment Quarterly

savills

Asia Pacific Network



As at 31 December 2020. *Associate offices excluded from office figures

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company, established in 1855, has a rich heritage with unrivalled growth. The company now has over 600 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

In Asia Pacific, Savills has 58 regional offices comprising over 29,000 staff. Asia Pacific markets include Australia, China, Hong Kong, India, Indonesia, Japan, Macau, Malaysia, New Zealand, Singapore, South Korea, Taiwan, Thailand and Viet Nam. Savills provides a comprehensive range of advisory and professional property services to developers, owners, tenants and investors.

These include consultancy services, facilities management, space planning, corporate real estate services, property management, leasing, valuation and sales in all key segments of commercial, residential, industrial, retail, investment and hotel property.

A unique combination of sector knowledge and entrepreneurial flair gives clients access to real estate expertise of the highest calibre. We are regarded as an innovative-thinking organisation supported by excellent negotiating skills. Savills chooses to focus on a defined set of clients, offering a premium service to organisations and individuals with whom we share a common goal.

Savills is synonymous with a high-quality service offering and a premium brand, taking a long-term view of real estate and investing in strategic relationships.

Content

Australia

Australia's economic recovery is now well underway with strong GDP growth in the March 2021 quarter, up 1.1% YoY and exceeding pre pandemic levels, after falling into a recession in June of 2020. Australia has secured a safe haven status for investment as the only G7 national which has recorded GDP growth relative to pre-pandemic GDP which is attracting further demand from offshore capital. This is a result of a quicker than anticipated removal of restrictions and social distancing measures throughout the states and territories. The rapid economic turnaround has translated into improvements in business confidence and consumer sentiment with increased consumer spending evident. Household consumption increased by just over 1% in the March quarter, with the savings ratio falling to 11.6% (from 22% at the peak of the pandemic) which is largely a result of government stimulus payments as well as an inability to travel overseas.

In the 12 months to June 2021, Savills tracked AU$28.7 billion of sales (AU$5m+) across the office, retail and industrial asset classes, down 13% on the previous 12 months. Over the last 12 months it is clear that investors have looked to reweight portfolios towards industrial property, with the share of industrial sales increasing from 20% in the previous 12 months to 32%. Capital returns for both retail and office sectors are now in negative territory. This was the first time since the Global Financial Crisis that office capital growth has contracted. With a significant spread between property yields and 10-year bonds, and the cost of debt at historically low levels, an argument is presented for cap rate compression for core, defensively positioned assets.

On a more positive note, income returns for all sectors were only just below the three-year average. Industrial property continues to go from strength to strength as demand for the sector increases, placing downward pressure on yields and driving values higher. Overall, the conditions within the industrial markets have remained strong over the last 12 months. Demand continues to be driven by the transport, postal warehousing, and wholesale retail sectors making industrial and logistics an attractive class for investors. Capital returns for industrial property were recorded at a five year high of 9.0%, generating a total return of 14.9% for the sector.

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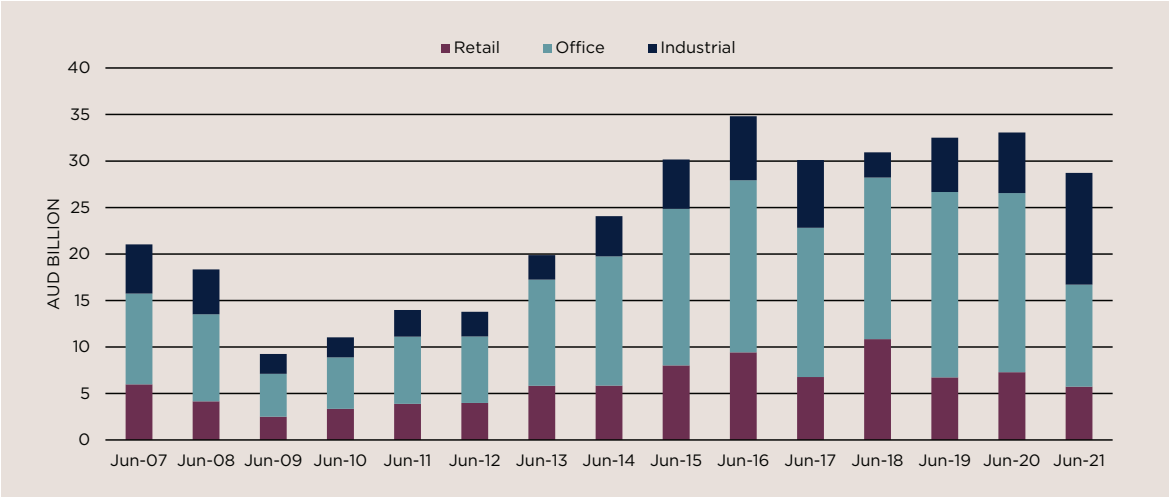
Australia Property Transaction Volumes (AUD5m+) By Sector, June 2007 to June 2021



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Milestone Logistics Portfolio	National	AUD3.8 bil/ US$2.85 bil	ESR	Industrial
AIP Portfolio	National	AUD780.0 mil/ US$573.3 mil	Charter Hall	Office
PFD Logistics Portfolio	National	AUD269.0 mil/ US$201.4 mil	Charter Hall	Industrial
Clifford Gardens Shopping Centre	QLD	AUD145.0 mil/ US$108.6 mil	Elanor Investments	Retail

Source Savills Research & Consultancy

China (Northern) - Beijing

The Beijing en-bloc investment market was active in Q2/2021, with a total of ten deals concluded, and registered a total consideration of RMB15.77 billion. Investment activities were scattered across multiple asset classes, including office, hotel, residential building, residential development site, shopping mall and cloud data storage centre acquisitions during the quarter. Equity transactions were the most popular deal structure, while domestic investors were the major buyers in the market. Major transactions in Q2/2021 included:

- Agricultural Bank of China purchased the office tower of KWG Centre in Tongzhou for a total consideration of RMB1.674 billion.
- ACR Asset Management acquired Beijing Diamond Plaza Building in Zhongguancun Software Park from Sino-Ocean Capital for a total consideration of RMB850 million.
- Hexie Health Insurance Co., Ltd. paid RMB9.06 billion for the Grade A office building SK Tower in the CBD, marking the biggest transaction for an office building so far in the post-COVID-19 era.
- Blackstone Group acquired a controlling 54.93% stake in SOHO China for HK$5 per share. SOHO China owns a total of eight office and retail projects in Beijing and Shanghai.

The first-hand strata-title office market was relatively quiet in Q2/2021. The new supply was 8,712 sq m, down 93.3% quarter-on-quarter (QoQ) and 96.8% year-on-year (YoY). Total transaction area reached 169,423 sq m in Q2/2021, down 47.3% QoQ but up 46.3% YoY. Total consideration reached RMB5.33 billion, down 39.9% QoQ but up 38.8% YoY. Average transaction prices stood at RMB31,440 per sq m, up 14.0% QoQ but down 5.1% YoY.

The first-hand strata-title retail market was also quiet in Q2/2021, with new supply down 56.9% QoQ and 45.0% YoY to 20,856 sq m. Total transaction area was 89,884 sq m, down 44.0% QoQ and 58.4% YoY. Total consideration registered RMB2.11 billion in Q2/2021, down 61.1% QoQ and 67.4% YoY. Average transaction prices in Q2/2021 declined by 30.5% QoQ and 21.6% YoY to RMB23,456 per sq m.

Beijing's commercial real estate market has shown great resilience during the pandemic. Both office and retail markets are experiencing a quick recovery. The strong resilience of commercial assets in Beijing has attracted the attention of investors, including insurance firms, private funds and other financial institutions, resulting in a highly active en-bloc investment market in Beijing. Going forward, considering that the capital markets have sufficient liquidity and relatively low interest rates, investors will continue to pay attention to real estate investments. Commercial real estate assets in Beijing are expected to continue acting as popular investment targets thanks to their scarcity, location advantages and stable cash flows.

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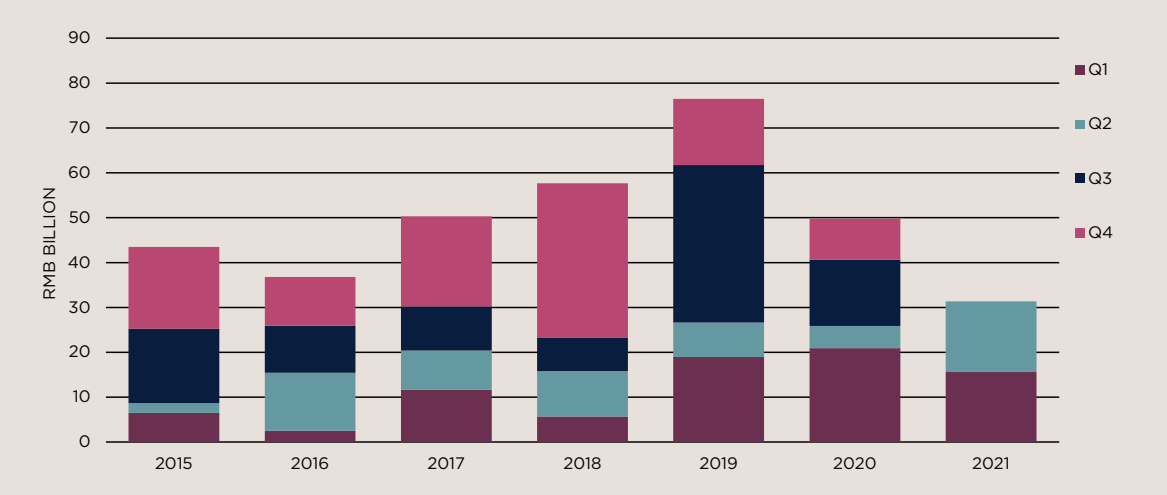
En-Bloc Investment Volumes, 2015 to Q2/2021



Source Savills Research

Major En-bloc Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
SK Tower	CBD	RMB9.06 bil/ US$1.4 bil	Hexie Health Insurance	Office
KWG Centre	Tongzhou	RMB1.674 bil/ US$259 mil	Agricultural Bank of China	Office
Diamond Plaza	Zhongguancun	RMB850 mil/ US$131 mil	ACR Asset Management	Office

Source Savills Research

China (Western) - Chengdu

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In Q1/2021, Chengdu's GDP reached RMB455 billion, an increase of 17.3% year-on-year (YoY), and fixed assets investment increased by 20.1% YoY. Moreover, retail sales of consumer goods in Chengdu reached RMB295 billion from January 2021 to April 2021, up 28.7% YoY. Chengdu's commodity retail has shown a strong recovery trend so far in 2021. Out of sixteen commodity categories above the designated limit, retail sales of fifteen categories achieved growth in Q1/2021, and ten categories' sales increased by over 20% YoY.

Three shopping malls entered the Chengdu retail market in Q2/2021, two of which are located in suburban areas[1] surrounding the city's traditional urban areas[2]. The two new projects, Shimao Plaza in Longquanyi District and Paradise Walk (Jinchen) in Xindu District, saw good sales, passenger flow and media popularity when they opened, helping improve investors' confidence in the suburban retail market. More high-quality retail projects are entering the suburban retail market in the near future, and it is expected that new supply will be split relatively evenly between urban and suburban areas in 2H/2021.

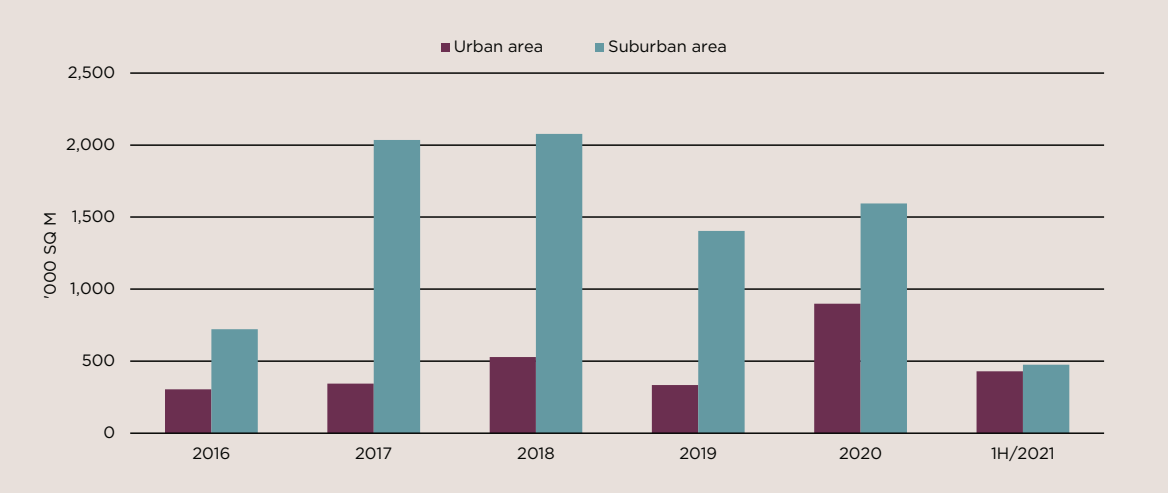
The Seventh National Census found out that Chengdu's suburban area population surpassed its urban area population and increased by nearly 50% from the last national census, reaching 8,694,489, while the urban area population only achieved a 34% increase from 2010 to 2020. Additionally, the proportion the suburban area population in Chengdu has of the total population has increased from 30.6% to 41.5%, while the proportion of urban area population has reduced by more than 3.0 percentage points (ppts) in the past ten years.

With more residents moving away from the city centre, and the urban area running out of land resources, the city's suburban area has naturally become an attractive investment region. In the past five years, both residential land and commercial land transaction volumes in Chengdu's suburban areas have been far larger than urban areas, the highest being a five-times difference. In Chengdu's first centralised land auction, 23 plots of land in suburban areas and 14 plots of land in urban areas were transacted successfully. The total land transaction volume in suburban areas was over 3.6 times that of urban areas.

Furthermore, Chengdu has set up two new areas—Tianfu New Area and Eastern New Area—in the past ten years in suburban areas as the city's key investment districts. In Q1/2021, the investment in Tianfu New Area and Eastern New Area increased by 34.3% and 31.2%, respectively, becoming two important growth engines for Chengdu's economic development. It is expected that the two new areas could bring a new level of development to Chengdu's suburban region.

1 Suburban areas include: Longquanyi, Qingbaijiang, Xindu, Wenjiang, Shuangliu, and Pidu Districts.
2 Traditional urban areas include: Jinjiang, Qingyang, Chenghua, Wuhou, and Jinniu Districts.

Chengdu Commercial Land Transaction Volume, 2016 to 1H/2021



Source Savills Research

Major Land Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Group 4 and 5, Shuangshuinian Village	Chenghua	RMB1.379 bil/ US$213 mil	China Resources Group	Residential
North of Taodu Avenue, Dong'an Neighborhood	Longquanyi	RMB1.872 bil/ US$289 mil	Longfor Group	Mixed-use
Group 9 and 10, Jiancao Village, Group 1 Jinniu Village	Jinniu	RMB453 mil/ US$70 mil	China Vanke Co., Ltd.	Mixed-use

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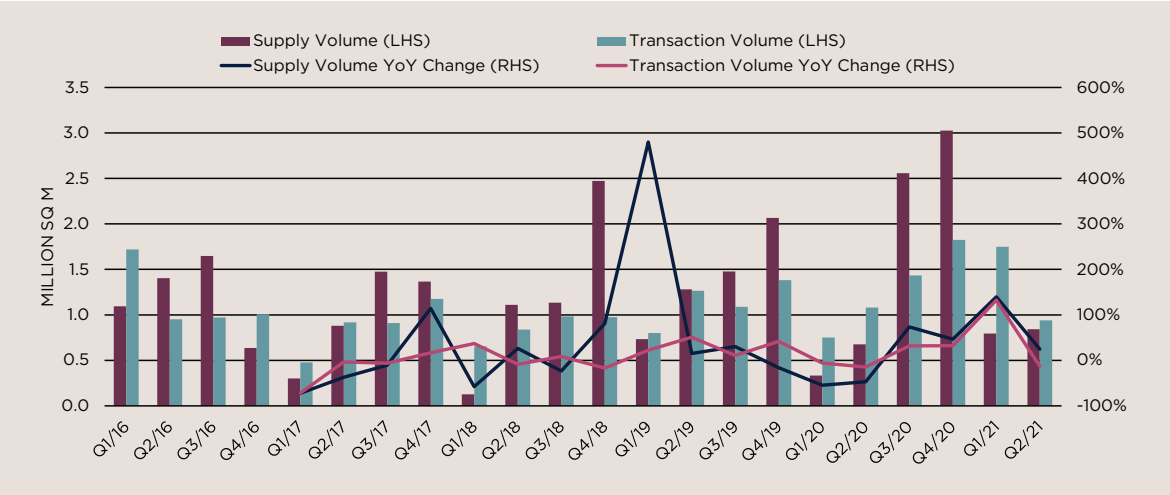
Shenzhen's residential property market has been popular among many individual end-users and investors over the last ten years. During the period from 2010 to 2020, the average transaction price of the Shenzhen first-hand residential market increased by 1.8 times to RMB56,400. The growth was higher than that of Shanghai and Guangzhou over the same period. This could be attributed to a number of factors, such as the city's economic prospects, sustainable demand supported by the growing population (7th National Census, 2020), ample liquidity and a strong outlook for the property market in the locality.

With its outstanding performance, the central and local governments have made efforts to redefine and tighten purchasing eligibility in a bid to maintain the development of the supply-demand dynamics as well as the stabilisation of price growth in the last decade. For example, it imposed limits on purchasing quota per household for the first time in 2010. In 2020, it implemented the '715 policy' with additional stringent restrictions on purchasing eligibility, which was upgraded multiple times with corrective measures and supplements tailored for the overheated market in Shenzhen. In addition, Shenzhen branches of the big four state-owned bank recently raised their average loan interest rates for first-time residential property purchasers to 5.10% in May from 4.95%, reflecting increased purchasing and holding costs in the sectoral market.

Despite the direct interventions, residential properties in tier-one cities such as Shenzhen remain particularly risk-averse and popular on the back of the global monetary easing environment, continuing to attract purchasers. For example, the citywide transacted area between January and June 2021 in Shenzhen's first-hand residential property market reached 2.8 million sq m, up 52.2% year-on-year (YoY), and notably exceeded the new supply of 1.7 million sq m over the same period, which was up 72.6% YoY. By comparison, the citywide transacted areas over the same period in 2019 and 2020 were 2.1 million sq m and 1 million sq m, respectively—both far below the 2021 figure. Meanwhile, the citywide average transaction price climbed from RMB57,976 per sq m in January to RMB62,994 per sq m in June. The price increment, however, was mainly affected by the structure of the new supply during the period rather than the supply-demand dynamics, as Shenzhen's government continued to intervene in the pricing strategies of the first-hand residential property market.

Looking forward, as the government's intervention for market stabilisation continues to escalate, purchasing demand in Shenzhen's first-hand residential market should become more rational. On the other hand, Shenzhen has planned to increase the qualification of obtaining the city's household registration, raising the bar of residential property purchasing eligibility again.

Shenzhen First-hand Residential Sales Market Supply Volume, Transaction Volume And Average Price, Q1/2016 to Q2/2021



Source Savills Research

Major Land Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Plot #T501-0101	Nanshan	RMB6.90 bil/ US$1.07 bil	Logan Property	Residential
Plot #A122-0372	Bao'an	RMB2.54 bil/ US$392.8 mil	Kaisa Group	Residential
Plot #A822-0422	Longhua	RMB1.15 bil/ US$177.8 mil	Shenzhen RenCaiAnJu Group	Residential
Plot #A646-0083	Guangming	RMB1.09 bil/ US$168.6 mil	Logan Property	Residential

Source Savills Research

China (Eastern) - Shanghai

Nine China-Infrastructure REITs started trading on the Shanghai (SSE) and Shenzhen (SZSE) Stock Exchange on June 21, raising RMB30 billion. All I-REITs required sponsors and strategic investors to hold high levels of equity within the structures, with sponsors, strategic investors, offline investors (mostly mutual funds) and retail investors holding on average 40.1%, 30.7%, 22.6% and 6.6%, respectively. Insurance companies accounted for roughly 30% of equity coming from strategic investors, with Ping'an and Tai Kang Insurance among the top buyers. I-REITs allow investors to buy shares in mutual funds that subsequently invest in asset-backed securities which holds ownership (such as warehouses and business parks) or management rights (such as toll roads and sewage). Insurance companies seemed to prefer REITs with ownership rights that focus on warehouses and logistics assets, while mutual funds preferred REITs with management rights instead. Strategic investors mostly prioritised the GLP Logistics, Yantian Port Warehouse and Zhangjiang Everbright Park REITs, while offline investors focused on the CMSK Industrial Park, AVIC Shougang Biomass and Zhangjiang Everbright Park REITs. The tranches offered to the general public were all oversubscribed on the first day of offering, and the nine REITs were 15 times oversubscribed by the general public.

Yields for REITs focusing on industrial parks (three) and warehouse and logistics (two) had a dividend yield of 4.15-4.66%, while the waste management and highway toll asset REITs offered dividend yields of 5.91-11.71%. Bosera China Merchants Shekou Industrial Zone (180101.SZ) jumped by 15% on the first trading day, the biggest among all REITs, but retreated on the second day of trading.

More REITs are expected to be listed in the second half of the year through to 2022. Indeed, 64 proposals had been submitted for review in early 2020, with many more sponsors likely to step forward given the successful launch of the first tranche. At the same time, the National Development and Reform Commission (NDRC) is refining guidelines to support the successful development of the REIT industry with the potential inclusion of rental housing as an eligible asset type. The expansion to include rental housing had long been predicted given the complementary characteristics of REIT investment priorities and the asset characteristics, namely the long investment period, stable rental and the need to attract more capital to help with the sector's development.

China's REIT market has gotten off to a good start, but there is still a long way to go until it reaches more mature markets. China needs to work out several issues, including the addition of commercial real estate, expansion of geographic coverage and improved tax efficiency and transparency.

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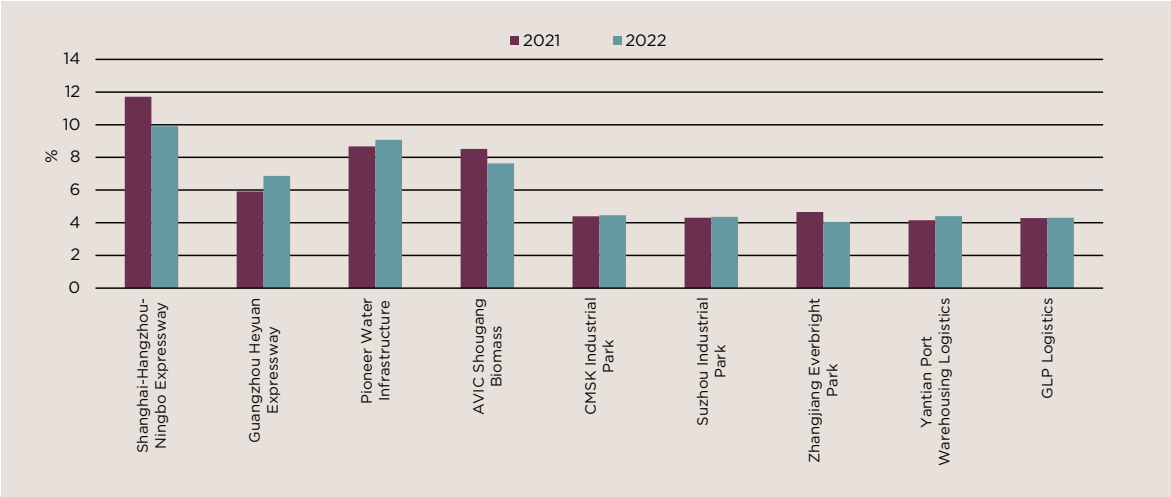
China-Infrastructure REITs Expected Dividend Yield



Source Savills Research

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Minhang Data Centre Campus	Minhang	RMB3.66 bil/ US$566.6 mil	CapitaLand	Data Centre
Hongqiao Sunnyworld Centre	Minhang	RMB2.20 bil/ US$340.6 mil	Noah Holdings	Office
Hongqiao Hongyi Plaza	Minhang	RMB912 mil/ US$141.2 mil	Jingrui Holdings/ Laselle Investment	Mixed-use
Jiulong Hotel	Hongkou	RMB860 mil/ US$133.1 mil	Radiance Group	Hotel

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Hong Kong

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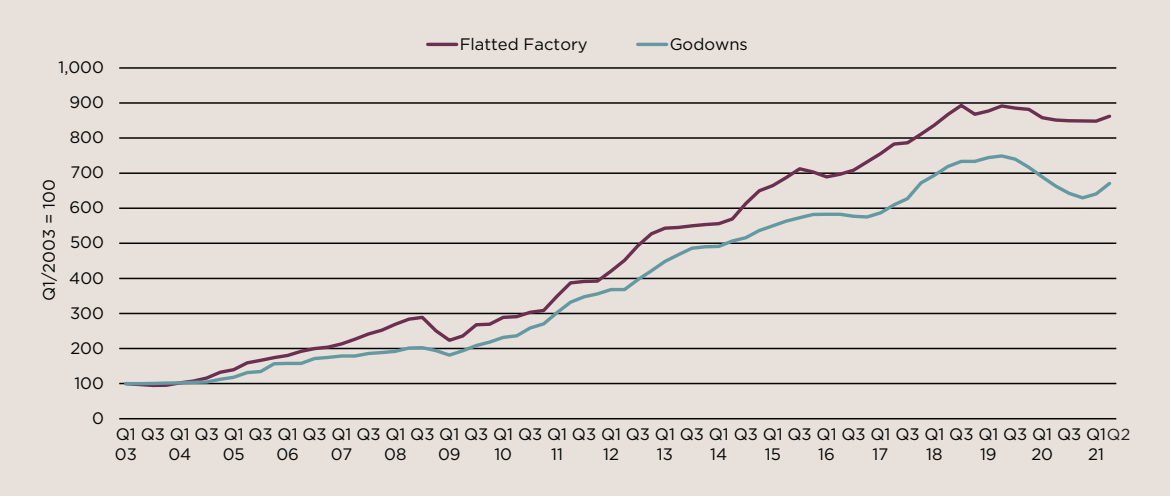
With the end of the fourth wave of COVID-19 infections in Hong Kong, a steady improvement in the investment outlook of the property market has been evident, especially in the industrial market, proven to be resilient over the past year owing to its popularity among investors. One of the largest deals was the sale of Kai Bo Group Centre in March for HK$1.4 billion to Angelo Gordon, an American alternative investment manager, with a sale-and-leaseback arrangement at a 4% yield. A 1.7% increase QoQ in the price of flatted factories in Q2/2021 was also recorded, the first quarter of increase after seven consecutive quarters of decline.

Various lucky draw programmes offered by different businesses and organizations, most notably Sino Group and Chinese Estate Holdings, have helped to boost the vaccination rate, which is of critical importance for the relaxation of quarantine restrictions to and from Mainland China and with other destinations in the latter half of 2021. While retailers and hoteliers are anxious for a return of mainland and international visitors, the consumption voucher scheme will create some short-term support to local consumption demand. The government scheme offers all permanent residents HK$5,000 to spend locally. The cash injection will also favour the hospitality sector, in combination with the "Staycation Delights" scheme launched by the Tourism Board in April.

Grade A office rents recorded a drop of 2.6% and 2.8% QoQ in Q2/2021 for overall and Central respectively. Although this represents an eighth consecutive quarter of falls, the ongoing deceleration in the rate of decline can be viewed as an improvement in market sentiment. While vacancy rates increased slightly from 8.9% in Q1/2021 to 9.3% in Q2/2021, some office buildings continue to achieve high levels of occupancy and enjoy the ability to be selective regarding tenants. We expect that the impact of working from home on the office market will be limited given the fact that the traditional office model still stands as a preference for most corporates. Hong Kong's notoriously cramped housing also counts against the WFH model.

The number of sales transactions in the retail market over the first five months recorded a 173% upsurge when compared with the same period in 2020. The passing of Tang Shing-bor, a property tycoon renowned as the "Shop King", prompted the liquidation of his real estate portfolio, which helped fuel market sentiment in the second quarter. Nonetheless, retail prices in Q2/2021 fell by 3.0% QoQ. Leasing activity showed signs of revival, with F&B and daily necessities retailers attracting healthy demand in 1H/2021.

Savills Hong Kong Flatted Factory and Godown Price Indices, Q1/2003 to Q2/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Kowloonbay Int'l Trade & Exhibition Centre	Kowloon Bay	HK$10.5 bil/ US$1.35 bil	TBC	Office and retail
Brilliant Cold Storage, 11-19 Wing Yip Street	Kwai Chung	HK$1.8 bil/ US$232.3 mil	TBC	Cold Storage
Shop 1-2 on G/F & B/F, Pearl City Mansion	Causeway Bay	HK$1.1 bil/ US$142.0 mil	TBC	Retail
3-13 Nga Tsin Long Road (Over 95% ownership)	Kowloon City	HK$590 mil/ US$76.1 mil	TBC	Residential
New Media Tower	Kwun Tong	HK$508 mil/ US$65.5 mil	TBC	Industrial

Source Savills Research & Consultancy

India

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2021 started on a positive note on the back of a massive nationwide vaccination programme. India recorded a higher GDP growth rate of 1.6% in Q1/2021 compared with 0.4% in Q4/2020, reflecting the gradual recovery. However, by the close of the first quarter, a second COVID wave had begun and spread at a much faster rate than the first wave. This surge put tremendous strain on healthcare infrastructure leading Oxford Economics to downgrade its 2021 GDP growth forecast to 9.1% from 10.2% previously. However, economic activity has shown signs of recovery as the Index of Industrial Production (IIP) surged by 134% YoY in April 2021. This is comparable to the growth levels last seen in the pre-pandemic period of April 2019.

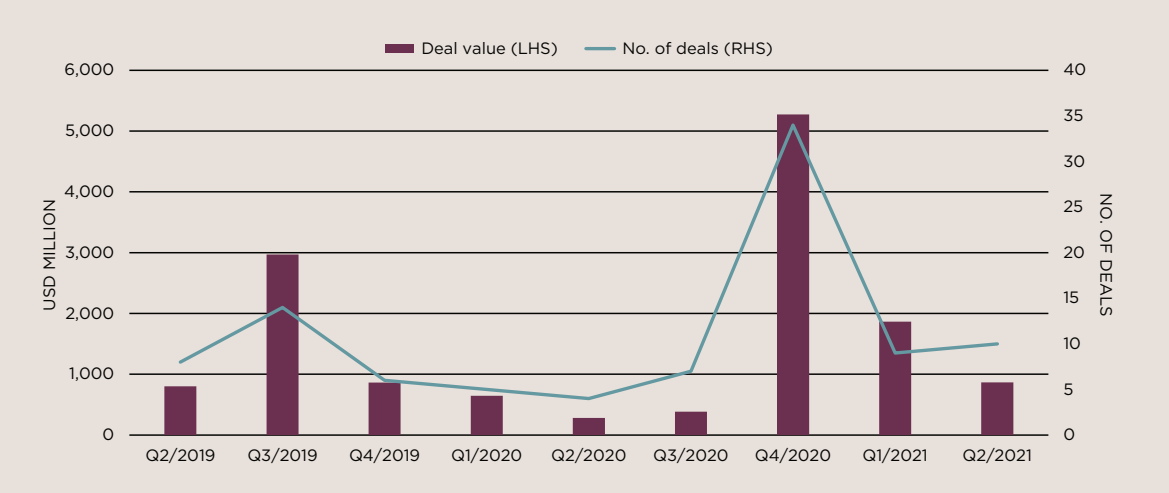
To expedite the vaccination drive, the government has given grants to domestic companies to expand their vaccine production capacities and indicated that it will give emergency approval to several international vaccines. It also expanded vaccine eligibility to all adults from 1 May 2021. This is arguably the largest vaccination programme in the world. With 323.66 million doses administered as of 28 June 2021, India has overtaken the US at 323.32 million doses. Faster inoculation is expected to instill a sense of confidence in the market, triggering an increase in consumption and broader economic activity. Further, the government announced some fresh relief measures for the economy on 28 June 2021, the first such package after the second COVID-19 wave, focusing largely on extending loan guarantees and concessional credit for pandemic-hit sectors and investments to ramp up healthcare capacity. We may witness targeted lockdowns and varying degrees of restrictions, instead of a blanket nationwide lockdown during the third quarter of 2021, if the situation demands. Economists believe that further stimulus may be needed to shore up the economy through the rest of the year.

Private equity investment inflows into the real estate sector amounted to US$865 million (INR63 billion) during Q2/2021, registering a decline of 54% QoQ. However, the first half of 2021 saw about 41% of the investment inflows that the sector witnessed in the entire year 2020, indicating that investor confidence remains intact despite the pandemic-struck slowdown period.

Despite the advent of remote-working, commercial office assets remained popular during Q2/2021, garnering a 40% share of the investment pie. This is backed by the resilience displayed by investable grade office assets reflected in the successful listings of the three Indian REITs. While occupancy levels in Embassy Office Parks REIT and Mindspace Business Parks REIT declined marginally by 1 to 2 percentage points at the end of March 2021 compared with December 2020, rents remained stable during the period. Brookfield India REIT meanwhile executed a successful IPO with an 8x subscription with strong participation from a diverse mix of marquee investors.

Most malls in India re-opened during June-September 2020 with limited operating hours, after a period of strict lockdown restrictions due to the pandemic. During Q1/2021, consumption across investment grade retail assets recovered swiftly to pre-COVID Q1/2020 levels. The swift recovery which started in Q4/2020 can be attributed to multiple factors including an increase in mall operating hours across many cities, a resumption of food and beverage demand as well as increased spending during the festive season. We witnessed renewed interest in the retail sector by private equity institutional investors as the segment accounted for the second highest share (33%) of investment inflows during Q2/2021 while foreign investors CPPIB and GIC established platforms to invest US$285 million (INR21 billion) in retail assets in the cities of Kolkata, Mumbai, and Pune.

Private Equity Real Estate Investment In India, Q2/2019 to Q2/2021



Source RCA, Savills Research & Consultancy

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Phoenix Mills' retail-led mixed-use portfolio	Mumbai & Pune	INR15.1 bil/ US$208 mil	GIC	Retail
RMZ Corp.'s select office assets	Chennai & Hyderabad	INR15.0 bil/ US$207 mil	CPPIB	Office
Puravankara's land parcel	Bengaluru	INR7.0 bil/ US$96 mil	Godrej Fund Management	Office

Source Savills Research & Consultancy

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The recent spike in daily covid cases, sparked by the spread of the new delta variant, has adversely impacted business activity which saw signs of recovery in the first quarter. Starting from early July, the central government decided to implement strict emergency measures (PPKM darurat) in the main island of Java and Bali, restricting activity for all except essential and critical sectors. The deteriorating situation has led to growing concern among local business communities despite the massive effort from the government to distribute vaccines (around 35 million people have been vaccinated so far).

Prior to July, the property market had shown steady growth following a successful rebound in the first quarter, when we previously anticipated a strong path to recovery. Several major developers reportedly booked robust sales in Q2, mostly led by landed house sales within their projects. In addition, shophouses and apartment sales in some major townships during the April to June period also picked up moderately, indicating a growing confidence among buyers after the slump in 2020.

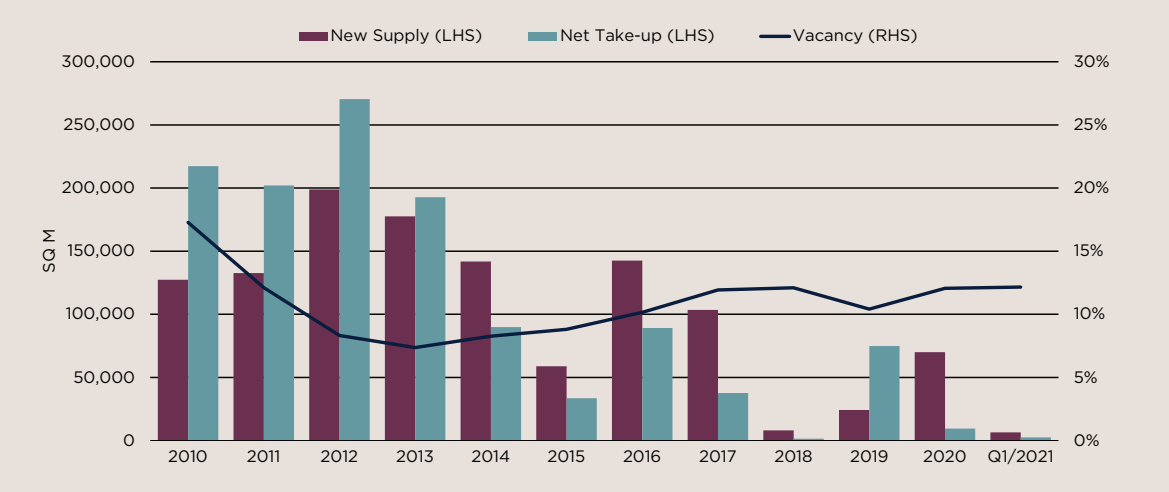
In the retail sector, foot traffic slowly increased especially in popular shopping malls, but developers are still cautious to launch new mall projects in anticipation of limited expansion plans from retailers during the pandemic. Modest net take-up and low additional supply kept vacancy unchanged at around 12%.

Meanwhile, the office market, both in the Jakarta CBD and outside the CBD saw elevated new supply levels amid slow absorption over the last two years. As a result, vacancy continued to rise and now stands at 25% (Jakarta CBD) and 28% (outside the CBD). With limited enquiries from corporate occupiers, recent demand has been driven by e-commerce, co-working operators and tech companies.

Notable trends during the pandemic period include the expansion of data centers particularly in Jakarta and surrounding areas. To cater for the growth in domestic e-commerce and online apps a number of foreign investors (including major global players) have confirmed plans for the development of data centers over the past six months. These include Microsoft, Google, Amazon, Alibaba, Tencent, NTT and Singapore's GIC, which have launched projects scheduled for completion over the next two years. With under provision compared with other markets in the region, data center development prospects in Indonesia have a lot of room for growth in the future.

Similarly, the growth of Indonesia's e-commerce market has also fuelled the expansion of modern logistics centers particularly around the capital city of Jakarta. Rising demand from logistics and distribution companies continued to attract institutional investors to expand in this sector. Regional players like GIC, LOGOS and ESR are among the first entrants lured by Indonesia's attractiveness which is seen as the next big thing in Asia's e-commerce market after China.

Jakarta Retail Supply, Demand and Vacancy, 2010 to Q1/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
AEON Mall Sentul City	Sentul, Bogor	IDR1.9 tri/ US$131.2 mil	PT. AEON Mall Indonesia (Japan)	Mixed-use
9.4 ha land @ Sentul City CBD	Sentul, Bogor	N/A	Genting Property Sdn Bhd (Malaysia)	Commercial

Source Savills Research & Consultancy

Japan

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Corporate performance has rebounded strongly from the sharp declines seen during mid-2020 and corporations have seen gains of over 20% YoY in recurring profits in Q1/2021, and a third of listed companies have announced plans to increase dividends this fiscal period. In addition, the recently accelerated vaccine rollout has brightened economic prospects.

The labour market has not seen much movement this year and the unemployment rate has only increased 0.1 percentage points (ppts) from January to 3.0% in May, while the job-to-applicant ratio has remained at 1.1. Meanwhile, the Tankan Survey has confirmed continued positive sentiment, registering +14 for large manufacturing enterprises and +1 for large non-manufacturing enterprises in June 2021.

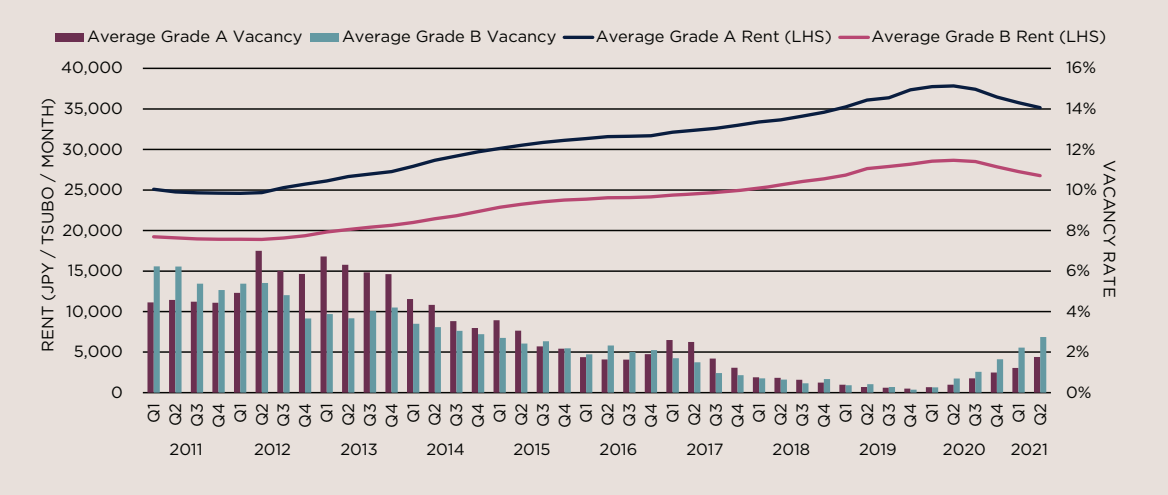
As demonstrated by the multiple large transactions seen this quarter, opportunities in the office sector remain sought after despite softening rental levels. The hospitality and retail sectors have been active, led by domestic corporate disposals intended to strengthen balance sheets. Although assets in these sectors have been struggling, they have attracted the attention of investors optimistic about rapid economic recovery. The logistics and multifamily sectors continue to be regarded as essential components of pandemic-proof real estate strategies, although multifamily has shown signs of a slight softening. There have been multiple announcements on data centre developments recently, demonstrating the robust interest in this emerging sector. Overseas investor appetite remains strong due to the attractive funding options and stability that Japan has to offer, and Goldman Sachs announced in May that it hopes to double its yearly Japanese property allocations to about JPY250 billion.

The TSE J-REIT index was up 6.8% over the quarter and is only 4.4% shy of the pre-pandemic high of 2,250 in February 2020. Meanwhile, the TOPIX index continues to indicate bullish market sentiment. However, after reaching 30-year highs in March, its growth has paused over the past three months, probably due to the delayed start of vaccinations and stalled economic activity levels.

By taking steps to keep interest rates low, the BOJ has maintained its loose monetary policies following a policy review in mid-June. That said, with Japan's strong equity and bond markets, the BOJ has accelerated the tapering of its asset purchase program, which will help keep interest rates low for a longer period of time.

Within the Tokyo central five wards, the Grade A office market has continued to soften with a rental contraction of 1.7% QoQ and 7.1% YoY to JPY35,157 per tsubo in Q2/2021. Rents have faced downward pressure derived not only from the pandemic, but also from the new office supply in 2020 which has resulted in vacancy created in older buildings when tenants move to newly-built offices. Specifically, vacancy rates saw an uptick of 0.6 ppts QoQ and 1.4 ppts YoY to 1.8%. Fortunately, a majority of the supply in 2021 has been filled or pre-leased, and the limited supply expected in 2022 should give the market some breathing space before the substantial volume of completions forecast for 2023.

Office Rents and Vacancy In Tokyo's Central Five Wards, 2011 to Q2/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
GLP Logistics Portfolio	Various	JPY49.3 bil/ US$450 mil	GLP REIT	Logistics
LOGIPORT Osaka Bay	Osaka	JPY40.0 bil/ US$365 mil	LaSalle Logiport REIT	Logistics
Hewlett-Packard Japan HQ Building	Tokyo	JPY38.8 bil/ US$354 mil	Mapletree North Asia Commercial Trust REIT	Office
Ebisu First Square	Tokyo	Undisclosed*	Domestic SPC	Office
Ichigaya Square Building & G-Bldg Shinbashi 05	Tokyo and Osaka	JPY30.0 bil/ US$273 mil	Japan Metropolitan Fund	Office and retail

Source Nikkei RE, RCA, Savills Research & Consultancy
*Transaction price undisclosed but JPY22 billion capital gain to be recorded.

Macau

The economy of Macau is yet to recover from the uncertainties of COVID, and GDP in Q1/2021 stood at MOP56.9 billion, nearly half what it was before the outbreak in Q1/2019. While gaming revenue is around one-third what it was pre-COVID at MOP23.8 billion in the first quarter, tourist arrival numbers are now only 16% of what they were in Q1/2019 marking a particularly sharp decline.

In more positive news, the COVID situation in Hong Kong appears to have stabilised over recent months and the Governments of China, Hong Kong and Macau have started discussing the possibility of easing quarantine restrictions for citizens travelling between the three destinations. It is expected that along with the relief of restrictions, the economy of Macau will start on the road of recovery to pre-COVID levels of activity.

In the residential sector, there were 1,310 transactions in Q1/2021, with an average unit price of MOP100,217 per sq m (salable area), remaining at almost the same level as Q1/2020. New supply in the residential market has rebounded compared to 2020, and the number of residential units which began construction in 2020 totaled only 233, while work was started on 243 residential units in Q1/2021 alone. However, if we compare this to levels of new starts during the years around 2014, numbers are still 25% of what they were.

The office market came under pressure from the latest policy of the Macau Government, under which it aims to vacate all office units currently leased from private landlords on or before 2024. According to Savills research, the Macau Government occupies nearly 20% of office units in the two major business zones of Central and Nape, with an estimated internal floor area of over 1.26 million sq ft. There are three sites located in Nape newly designated for Government use. Plot 6B (located next to the recently completed Lotus Square office building) with a GFA of around 16,300 sq m is designated for Government use while there are another two plots named Plot 12 and Plot 25 located on the left and right hand sides of Alameda Dr. Carlos d'Assumpção (Dr. Carlos Square) respectively, which can provide an estimate gross floor area of over 130,000 sq m. Combined with the completed building on Plot 6B, it is estimated that there is almost sufficient office floor area to contain all Government demand for floorspace, and it is even possible for the Government to accelerate the process of vacating currently leased office units in the private market, which is likely to put further pressure on the local office market in the coming years.

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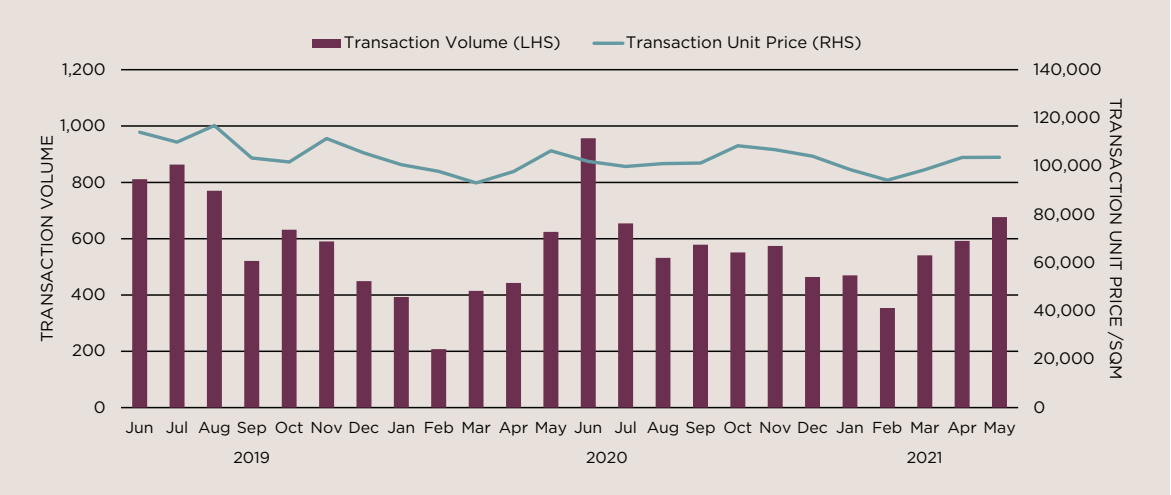
Macau Residential Transaction Volumes And Transaction Unit Price, June 2019 to May 2021



Source DSF Macau, Savills Macau

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Malaysia's third Movement Control Order (MCO), placed on all states due to a rising number of cases, began on the 17th of May, with greater restrictions being placed under a Full Movement Control Order (FMCO) imposed on the 1st of June onwards. In tandem with the lockdown, the Government introduced the Pemerkasa Plus relief package, valued at RM40 billion, with measures to reinforce the healthcare system and the prioritization of public welfare. Closer to the end of the quarter, the Government introduced the PEMULIH Recovery Package, RM150 billion in value, and the second largest stimulus package since the first lockdown happened in March 2020, which includes direct cash assistance, a 6-month loan moratorium and a salary subsidy program for employers. Malaysia's GDP in Q1/2021 increased to -0.5% YoY, from -3.4% YoY in Q4/2020 on the back of optimism about the impact of the deployed relief packages; however, full-year GDP predictions have been revised downwards since the start of the year.

The total value of major transactions in this reviewed quarter doubled compared to Q2/2020, amounting to approximately RM2.14 billion. The two largest acquisitions in the quarter were by Scientex Berhad, which acquired 959.7 acres of agricultural land in Tebrau, Johor for RM518.1 million and 204.7 acres of agricultural land in Seberang Perai, Penang for RM246.7 million. The double acquisition is in line with the group's land banking objectives and their goal to complete 50,000 affordable homes throughout Malaysia by 2028. The Penang site is relatively close to Scientex's maiden development at Tasek Gelugor which has received a positive response from the general public, as the availability of better affordable housing has been a concern in Malaysia over recent years.

Within KL, the largest transaction was Sunway Bhd's purchase of 6.59 acres of residential land from Boustead Holdings Bhd for RM233.4 million in Maluri, Kuala Lumpur. The site sits just one MRT Station away from the upcoming TRX development, and Sunway appear to be betting on their ability to offer a more affordable alternative to future professionals who wish to reside in the area. Sunway Bhd is no stranger to the area, having seen success with their Sunway Velocity integrated development comprising a shopping mall, residences, office buildings, hotel and medical centre.

UEM Sunrise Bhd entered into an agreement to acquire 6.86 acres of residential land from Accolade Land Sdn Bhd for RM197 million. The land is near Taman Connaught MRT station, a key factor in UEM's preliminary plans to develop 1.8 million sq ft of properties with an estimated gross development value of over RM1 billion aimed at young homeowners looking for residences with easy access to the city centre.

In Selangor, the most significant transaction was Johor Tin Bhd's acquisition of freehold development land measuring 297.5 acres from PNB Development Sdn Bhd, for RM169.8 million. The land is sizeable and allows JTB Group to utilize portions of the land to restructure and expand its operations in the central region of Peninsular Malaysia whilst the balance of land will be held for property development purposes.

Township development sites contributed the most to the quarter's overall transaction value, accounting for approximately 36%, followed by residential and industrial transactions at 20% and 19% respectively. The gradual recovery is hoped to be aided by the relief packages and the continued rollout of COVID-19 vaccinations, which has picked up speed in July.

GDP Growth, 2010 to Q1/2021

Source Bank Negara Malaysia

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
A 959.6-acre site	Johor	RM518.1 mil/ US$124.7 mil	Scientex Berhad	Agriculture land
A 204.7-acre site	Penang	RM246.7 mil/ US$59.4 mil	Scientex Berhad	Agriculture land
A 6.59-acre site	Kuala Lumpur	RM233.4 mil/ US$56.2 mil	Sunway Bhd	Residential
A 6.86-acre site	Kuala Lumpur	RM197.0 mil/ US$47.3 mil	UEM Sunrise Bhd	Residential
A 297.51-acre site	Selangor	RM169.8 mil/ US$40.9 mil	Johor Tin Bhd	Development land

Source Company announcements, Savills Research & Consultancy

Singapore

As investor sentiment continues to improve in tandem with the global economic recovery, real estate investment sales continued to rise in Q2/2021 with nearly S$5.7 billion of transactions. On a quarter-on-quarter (QoQ) basis, the increase was 49.2% and year-on-year, it more than doubled from the S$2.1 billion in Q2/2020, when Singapore was in the Circuit Breaker period. The improvement in investment sales came despite tightened measures under the Phase 2 (Heightened Alert) from 16 May to 13 June 2021 which was enforced to combat a second wave of community infection.

Investment sales in the residential segment surged 48.3% QoQ from nearly S$1.9 billion to S$2.8 billion in Q2/2021. While private investment sales fell by 17.0% on a QoQ basis due to the lack of bulk purchases and collective sales, three sites totalling S$1.2 billion were sold under the Government Land Sales (GLS) Programme which saw heightened interest and high winning bid prices, since the last residential site was awarded in November 2020. The active market for public tenders came as developers seek to replenish their landbanks with dwindling levels of unsold stock amid strong residential demand.

Industrial investment sales almost doubled from S$491.0 million in Q1/2021 to S$924.0 million in Q2/2021, a rebound after two consecutive quarters of decline. The improvement in investment sales can be attributed to the stronger performance of the manufacturing sector as well as long-term growth in the e-commerce and logistics sectors, further driving demand for warehouses.

Investment sales in the commercial sector also saw a QoQ increase of 38.5% to S$1.97 billion. Office investment sales rose by 75.7% QoQ to S$1.74 billion. The first commercial collective sale of 2021 was concluded in the quarter for Maxwell House. This was its second collective sale attempt when the asking price was lowered to S$268 million in April 2021 from its initial reserve price of S$295 million in September 2020. The 13-storey commercial development was eventually sold for S$276.8 million.

Retail investment sales rose by 7.1% QoQ to S$456.8 million, which was largely attributed to an increase in shophouse transaction volume from Q1/2021's 12 units to 17. In terms of quantum, sales of shophouses totalled S$272.6 million in Q2/2021, a QoQ increase of 46.7%. Over the past three quarters, more investors have been venturing into the shophouse market, given its limited supply and the absence of Additional Buyer's Stamp Duty. Demand for shophouses was also observed from foreign and local investors (in terms of high-net worth individuals) as well as family offices.

Despite uncertainties surrounding the global economic recovery amid a resurgence of cases in some countries, global economic growth is projected to be higher than expected as businesses return in line with increased vaccination numbers in 2H/2021. With the government's ongoing efforts to control the pandemic, along with government incentives and strong market fundamentals, investor sentiment is expected to remain strong locally. Many foreigners still view Singapore as a stable and attractive place to invest or start up a regional business.

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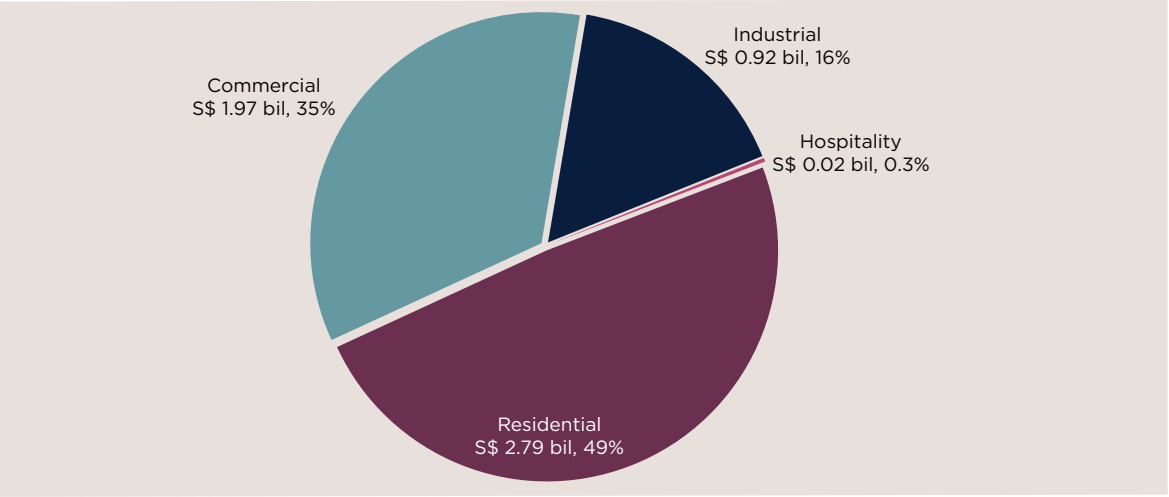
Investment Sales Transaction Volumes By Property Type, Q2/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Jem (28.05% stake)	Jurong Gateway Road	S$583.6 mil/ US$433.7 mil	Lendlease Global Commercial Reit	Commercial
Galaxis (75% stake)	Fusionopolis Place	S$534.4 mil/ US$397.1 mil	Ascendas Reit	Industrial
Government land	Northumberland Road	S$445.9 mil/ US$331.4 mil	Maximus Residential SG Pte. Ltd. and Maximus Commercial SG Pte. Ltd.	Residential
Government land	Tengah Garden Walk	S$400.3 mil/ US$297.5 mil	Taurus Properties SG Pte. Ltd.	Residential
Government land	Ang Mo Kio Avenue 1	S$381.4 mil/ US$283.4 mil	United Venture Development (2021) Pte. Ltd.	Residential

Source Savills Research & Consultancy

South Korea

A key characteristic unique to Korea's housing market is "jeonse", which means tenants pay a lump-sum refundable deposit at the beginning of the lease contract period and pay no or small monthly rental payments. On expiry of the lease contract period, this original lump-sum deposit is fully refunded to the tenant. This is in contrast to most leasing markets worldwide, commonly comprised of monthly rental payments in addition to a security deposit (equal to one to three times the monthly rent) used to cover any missed rental payments or restoration of damaged areas.

However, due to record-low interest rates, most landlords do not put the tenant's security deposit into their bank savings, but rather add the funds with their own equity capital to finance asset acquisitions. In other words, jeonse has become a leverage tool that can effectively reduce the amount of equity required for the acquisition of the base asset. Despite there being no operating income due to a lack of regular monthly rental receipts from the tenant, the security deposit decreases required initial equity and thus improves the overall rate of return on investment.

Since jeonse is essentially a form of rent, when monthly rents rise, jeonse and sales prices consequently follow upward. Therefore, when sales prices are flat, landlords will be incentivized to raise jeonse prices due to lower expectations for the capital gain on exit. (Please refer to below graph). If jeonse prices converge with sales prices, market participants will choose to purchase rather than lease by paying jeonse, driving up sales prices further.

As a result, Korea's housing market remains unstable due to the relationship between jeonse and sales prices. The only solution that can effectively curb prices is adding substantial new supply to the market. The fundamental problem spurring soaring prices may be the limited supply of housing in the nation's capital which is home to 10 million people.

In Q2/2021, jeonse and sales prices rose by 19.5% and 17.9% year-on-year, respectively. The significant uptick in jeonse may be analyzed as an outcome of continued limited supply and new real estate policies announced in July 2020. The Housing Lease Protection Act (which caps the rate of rent increase at 5% upon lease contract renewal) has had the unintended effect of dramatically increasing jeonse prices for new tenants.

As the supply shortage cannot be resolved in the short-term, both jeonse and sales prices are anticipated to soar in the short- to mid-term. As a result, tenants are increasingly likely to settle away from the city-center, triggering a ripple effect to the outer districts.

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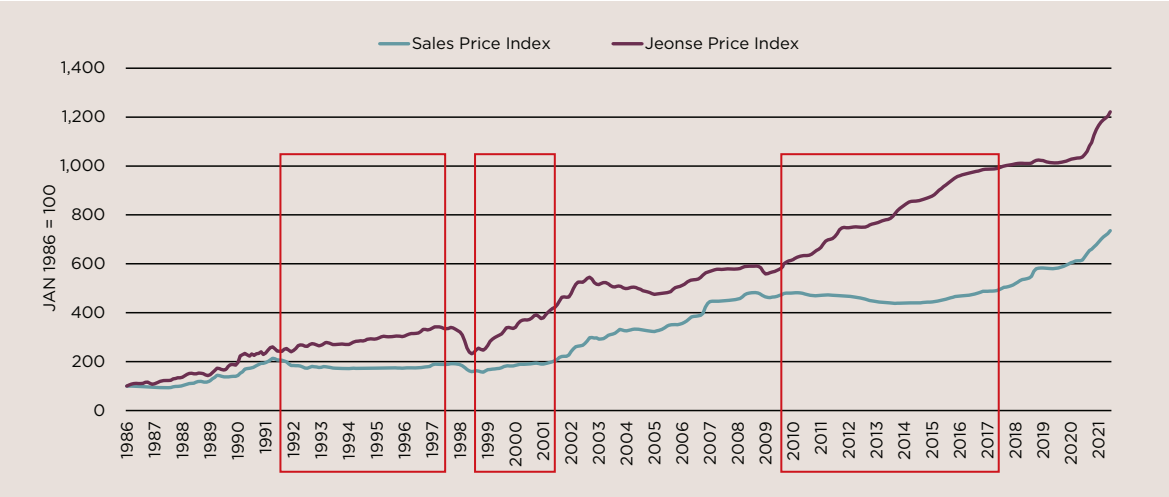
Seoul Apartment Sales & Jeonse (Lease) Price Index, 1986 to June 2021



Source Savills Korea, KB Kookmin Bank

Seoul Apartment Sales & Jeonse (Lease) Price Changes, Q2/2021

PRICE TYPE	RATE	1-YEAR	3-YEAR	5-YEAR	10-YEAR
Sales	Total	19.5%	36.4%	55.4%	56.0%
	Annual Average	19.5%	10.9%	9.2%	4.5%
Jeonse (Lease)	Total	17.9%	21.0%	25.5%	73.8%
	Annual Average	17.9%	6.6%	4.6%	5.7%

Source Savills Korea, KB Kookmin Bank

Taiwan

A Level 3 alert was announced nationwide as domestic COVID-19 cases spiked in mid-May with confirmed cases increasing to over 100 a day. This is the first time a Level 3 alert has been introduced since the start of the outbreak and schools as well as sports and exhibition venues have been closed with restaurants allowed to offer take-out only. Fortunately, new cases are mainly in the north of Taiwan and a soft lockdown has allowed most businesses to remain in operation, such as the stock market, banks and the production lines of manufacturing and technology industries. More companies are adopting work-from-home and rolling out stricter social distancing policies which will slow transaction activity. Meanwhile, Taiwan's Central Bank has kept the base interest rate unchanged at 1.125% at the end of this quarter and further raised its economic growth forecast by 0.55 ppts to 5.08% given strong exports and investment in facilities by the technology industry.

Transaction volumes in the commercial property sector increased by 42% YoY to NT$24.7 billion in Q2/ 2021 and rose by 92% YoY to NT$74.3 billion in 1H/2021 which can be attributed to an active market in the first five months of the year. As the implementation of a capital gains tax is approaching, investors are taking a wait-and-see attitude and so over 80% of deals concluded by owner occupiers this quarter. The technology industry continued to dominate the market accounting for 63% of the total.

In contrast to the cautious attitude of commercial property investors, developers are aggressively seeking development sites, acquiring a total of NT$50.4 billion worth of land in Q2, up 75% YoY. Despite the negative impact of the soft lockdown and the upcoming capital gains tax which will bring challenges to the residential market, developers seem very optimistic about the future. Highwealth Construction Crop and Cathy Real Estate Development, two leading construction companies, acquired land valued at over NT$23 billion and NT$6 billion in 1H/2021 respectively, above levels the firms posted in 2020. Land price growth has remained strong with Taichung, New Taipei City and Kaohsiung marked to be the most popular areas for developers.

The momentum in the commercial property market might slow in the next quarter if the soft lockdown continues making site inspection and negotiation difficult. However, we have not yet seen a significant risk of price correction, excepting retail shops, given the low interest rate environment and demand from technology end-users.

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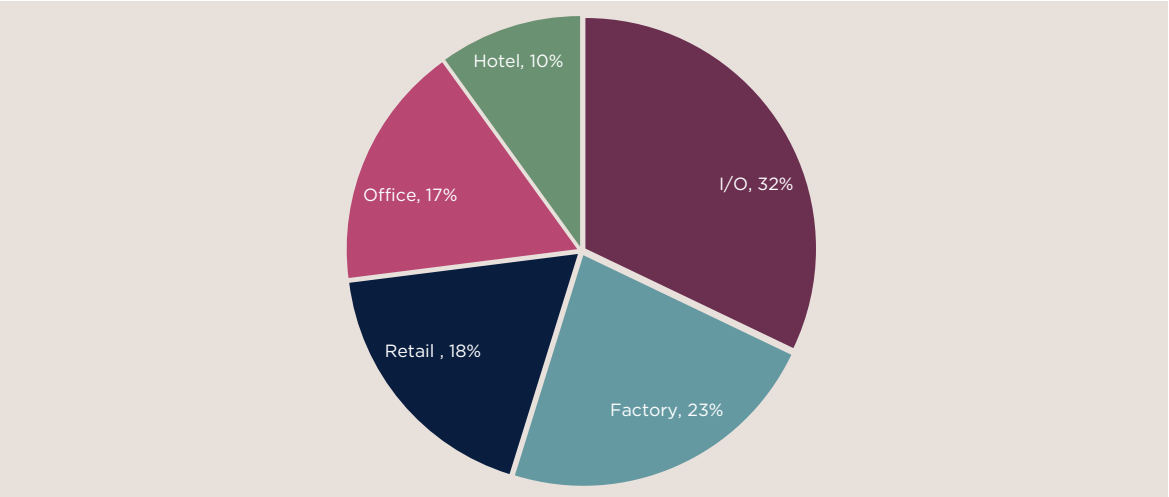
Transaction Volumes By Property Type, 1H/2021



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
11 Floors of WTO 14 Building	Taipei City	NT$3.8 bil/ US$132 mil	Adata Technology	Industrial office
Fetnet Neihu Building	Taipei City	NT$3.3 bil/ US$112 mil	MediaTek Inc	Industrial office
Industrial Office in Nanzi District	Kaohsiung City	NT$2.4 bil/ US$81 mil	Advanced Semiconductor Enginering	Industrial office
Founding Xizhi Industrial Office Building	New Taipei City	NT$1.6 bil/ US$58 mil	Local investment company	Industrial office

Source Savills Research & Consultancy

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A third wave of the pandemic, which began in April, has been the most severe that the country has experienced. The government's reaction has been to apply varying restrictions according to each province; 10 provinces including Bangkok, Samut Prakarn and Nonthaburi have the most severe measures including a ban on in-restaurant dining, the enforced closure of all construction sites, restrictions on gatherings to no more than 20 persons and all retail required to close by 9 pm. The Thai Prime Minister has set the objective of reopening the country by mid-October this year, which according to a Suan Dusit Poll, most people do not think is feasible considering the current situation and rate of vaccination.

Rates of vaccination improved substantially in June, with a greater supply of Astra Zeneca made available through a local manufacturing facility, which started production that month. July is anticipated to see 10 million jabs administered, with the pace of rollout expected to continue through to the end of the year. Full national inoculation is expected to be achieved in the last half of 2022, though priority is being given to the areas of high risk and the provinces which are highly dependent on tourism.

The return of international tourists can't come soon enough for Thailand's hospitality industry, which has seen a further 550,000 job losses in Q2. The Tourism Council of Thailand predicts that there will be 1.4 million foreign arrivals in 2021, driven by the reopening of tourist areas to vaccinated tourists. Phuket is the first location opening on the 1st July, with other key tourist locations including Krabi, Koh Samui, Chiang Mai and Bangkok all set to follow by October. If China were to allow international tourism this year it is predicted that international arrival figures could reach three million, though this is an unlikely best-case scenario.

Asset World Corporation (AWC) announced their intention to develop a new mixed-use scheme comprising a 332-room InterContinental Bangkok Chinatown, residences and a retail mall in the Yaowarat district. This announcement was made in combination with IHG, who have been appointed to manage four other properties currently under development by AWC including the mixed-use scheme Aquatique in Pattaya completing in 2023, and the InterContinental Chiang Mai, scheduled from completion in 2022.

Frasers Property (Thailand) completed purchase of the former Silom Center building for 1.8 billion Thai Baht. The building has been closed for a number of years for a substantial renovation under the previous owner Silom Corporation. The renovation is scheduled to complete in Q4/2022, comprising 22 stories for a total built area of 49,602 sq m.

Frasers Property Industrial (Thailand) secured a lease agreement with Flash Fulfillment, the e-commerce unicorn, for a 15,350 sq m fulfilment center within their Bangplee logistics park, Samut Prakarn. The fulfilment center is strategically located providing convenient access into Bangkok, as well as through central Thailand.

Thailand Total Exports, June 2018 to May 2021

Source Bank of Thailand

Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Silom Center	Bangkok	THB1.8 bil/ US$60.0 mil	Frasers Property	Office
Frasers Property Logistics Center (Bangplee 2)	Samut Prakarn	N/A	Flash	Warehouse
Convention Hall	Bangkok	THB1.81 bil/ US$60.3 mil	Energy Complex (EnCo)	Convention Hall
Development land	Udon Thani	THB117.5 mil/ US$3.9 mil	National Clean Energy (NCE)	Factory
Vacant land	Ayutthaya	THB221.0 mil/ US$7.4 mil	KCE Electronics Public (KCE)	TBC
Factory	Ayutthaya	THB160.0 mil/ US$5.3 mil	Inter Pharma Public (IP)	Factory

Source Savills Research & Consultancy

Vietnam

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Vietnam's gross domestic product (GDP) rose by 5.64% during the first half, and by 6.61% during Q2/2021 as reported by the General Statistics Office (GSO). Total inflows of foreign direct investment capital reached US$15.27 billion in the first half 2021, down by 2.6% compared to the same period last year, according to the Ministry of Planning and Investment. In detail, nearly US$9.55 billion in newly registered capital poured into 804 licensed projects, while the remainder is accounted for by adjusted capital (US$4.12 billion), capital contribution and share purchases (US$1.61 billion). In the context of the COVID-19 pandemic, Vietnam is the only country in the world which has been simultaneously upgraded to positive by all three international credit rating agencies (Moody's, S&P and Fitch).

In Q2/2021, there have been some outstanding M&A transactions and fund-raising deals in the real estate sector with strong investor demand still apparent particularly from domestic institutional groups:

- Residential segment: Phat Dat Real Estate Development JSC (PDR) completed the acquisition of 99.5% of contributed shares from shareholders of Binh Duong Building Real Estate Development JSC, resulting in ownership of the 4.5ha Binh Duong Tower project.

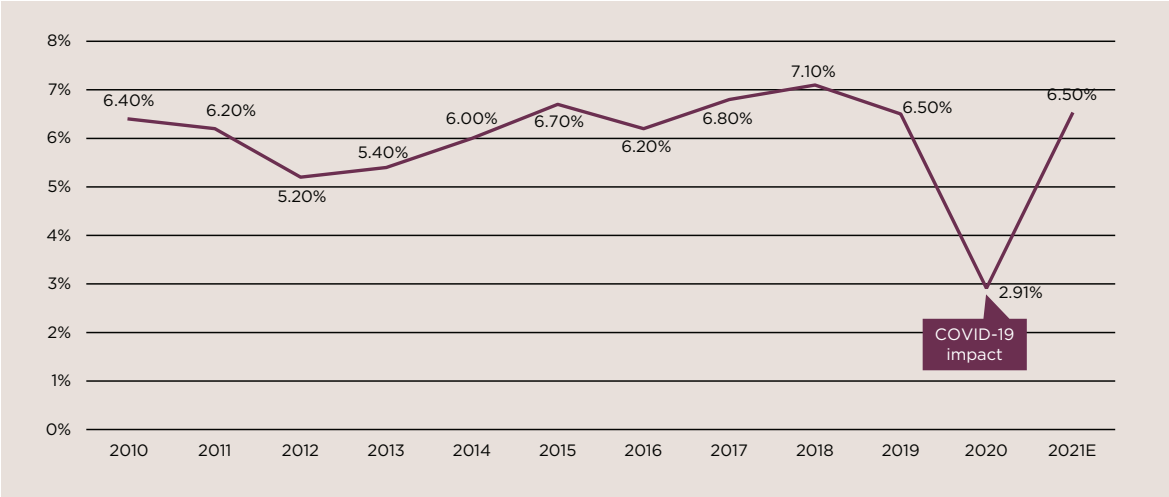
- Retail segment: Vietnamese carmaker Truong Hai Auto Corporation (THACO) announced that the company signed an agreement to acquire 100% of the capital of Emart Vietnam, including the supermarket Emart Phan Van Tri in Go Vap district, Ho Chi Minh City, as well as other supermarket projects being developed in Vietnam. Following the sale, Emart granted THACO franchise rights for a period of nine years. In May 2021, Central Retail Vietnam, a member of the Thai-based conglomerate Central Group, signed a Cooperation Contract with Becamex IDC Corporation to invest approximately US$35 million in the 3ha GO! shopping mall in Ben Cat town, Binh Duong province.

- Industrial segment: Actis invested US$20 million as part of an industrial real estate joint venture with An Phat Holdings to develop An Phat 1 Industrial Park in Hai Duong province.

- Capital market: BIM Land Joint Stock Company (BIM Land), a member of BIM Group, successfully raised approximately US$200 million via a bond issuance with a 5-year maturity at a 7.37% coupon to be listed on the Singapore Exchange (SGX).

Industrial property continues to be a hot segment for Vietnam's real estate market with mounting enquiries as manufacturers seek to mitigate risk and diversify supply chains. According to the Ministry of Planning and Investment, as of May, Vietnam had 394 industrial zones established with a total land area of nearly 122,000 ha. 286 of the industrial zones are operational with an occupancy rate of 71.8%. In June 2021, the People's Committee of Hung Yen Province approved the establishment of an expanded Pho Noi A industrial park with an area of 92.5ha. Hoa Phat Hung Yen Industrial Park Infrastructure Development Company Limited (Hoa Phat Group) was appointed as developer with a total investment of approximately US$46.7 million.

Vietnam GDP Growth Rate, 2020 to 2021E



Source General Statistics Office and International Monetary Fund

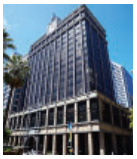
Major Investment Transactions, Q2/2021

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Binh Duong Tower	Di An, Binh Duong Province	N/A	Phat Dat Real Estate Development JSC	Residential
Emart	366 Phan Van Tri Street, Ward 5, Go Vap District, Ho Chi Minh City	N/A	Truong Hai Auto Corporation (THACO)	Retail
An Phat 1 Industrial Park	Nam Sach, Hai Duong Province	N/A	An Phat Holdings	Industrial

Source Savills Research & Consultancy

Australia

60 Carrington Street (50%) ▶
Sydney, NSW
AU$140.0M/US$104.7M
in May



Clifford Garden Shopping Centre ▶
Toowoomba, QLD
AU$145.0M/US$108.6M
in April

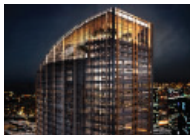
◀ 10 Eagle Street
Brisbane, QLD
AU$285.0M/US$213.1M
in May

▲ Kmart Distribution Centre
Lytton, QLD
AU$194.0M/US$145.1M
in May

◀ The Square Mirrabooka
Stirling, WA
AU$195.0M/US$145.8M
in June

399 Royal Parade ▶
Parkville, VIC
AU$138.7M/US$103.7M
in May

Melbourne Quarter Tower ▶
Docklands, VIC
AU$1.2B/US$900.0M
in June



Beijing/Shenzhen

◀ Beijing Dadi Garden Hotel
Zhongguancun, Beijing
RMB600.0M/US$92.9M
in May

SK Tower ▶
CBD, Beijing
RMB9.06B/US$1.4B
in May

◀ Diamond Building
Shangdi, Beijing
RMB850.0M/US$131M
in May

CR Land Qianhai Centre T5 ▶
Nanshan District, Shenzhen
RMB400.0M/US$61.9M
in Q2

◀ KWG Centre Tower B
Tongzhou, Beijing
RMB1.674B/US$259M
in April

No. 5 Building of the Xanadu Project ▲
CBD, Beijing
RMB2.3B/US$356.0M
in June

▲ Beijing Zhongji Subaru Mansion
Daxing District, Beijing
RMB655.0M/US$101.4M
in April

Shanghai

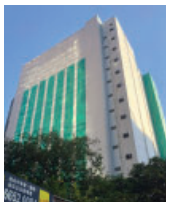
◀ **Zhangjiang 368**
Pudong
RMB544.0M/US$84.2M
in Q2

Hongqiao Sunnyworld Centre ▶
Minhang District
RMB2.2B/US$340.6M
in Q2

Hongqiao Hongyi Plaza ▶
Minhang District
RMB912.0M/US$141.2M
in Q2

◀ **Jiulong Hotel**
Hongkou District
RMB860.0M/US$133.2M
in Q2

Hong Kong



◀ **Brilliant Cold Storage Management Ltd**
Kwai Chung
HK$1.8B/US$232.3M
in May

New Media Tower ▶
Kwun Tong
HK$508M/US$65.5M
in April

◀ **Kowloonbay Int'l Trade & Exhibition Centre**
Kowloon Bay
HK$10.5B/US$1.35B
in May

▲ **Shops 1-2 on G/F & B/F, Pearl City Mansion**
Causeway Bay
HK$1.1B/US$142.0M
in May

3-13 Nga Tsin Long Road ▲
(Over 95% ownership)
Kowloon City
HK$590M/US$76.1M
in June

India

▲ **Reliance Center**
Maharashtra
INR12.157B/US$163.0M
in April

▼ **Embassy Industrial Parks Bilaspur**
Gurgaon
INR6.503B/US$87.2M
in May

JCK Embassy Industrial Park Hyderabad ▶
Hyderabad
INR6.190B/US$83.0M
in May

◀ **Retail Mall Sunteck City ODC**
Mumbai
INR1.028B/US$13.78M
in June

Embassy Industrial Parks Chakan ▲
Pune
INR5.204B/US$73.8M
in May

Japan

Ichigaya Square Building & G-Bldg Shinbashi 05 ▶
Tokyo
JPY30.0B/US$273M
in April

◀ **Ebisu First Square**
Tokyo
in June

◀ **Kyobashi Trust Tower** (13% interest)
Tokyo
JPY27.0B/US$249M
in April

Hewlett Packard Japan HQ Building ▶
Tokyo
JPP38.8B/US$354M
in June

Malaysia

◀ **A 6.6-acre residential site**
Maluri, Kuala Lumpur
RM233.4M/US$56.2M
in April

A 204.7-acre agriculture land
Seberang Perai,Penang
RM246.7M/US$59.4M
in April

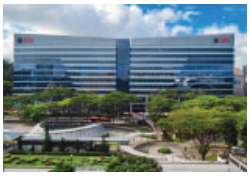
A 6.86-acre residential site ▶
Cheras, Kuala Lumpur
RM197.0M/US$47.3M
in June

◀ **A 959.6-arce agriculture land**
Tebrau, Johor
RM518.1M/US$124.7M
in May

Singapore

◀ **Jem** (28.05% stake)
50 and 52 Jurong Gateway Road
S$582.6M/US$433.7M
in June

Galaxis (75% stake) ▶
1 Fusionopolis Place
S$534.4M/US$397.1M
in May



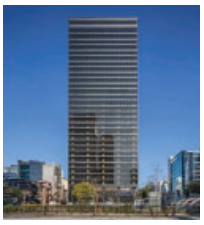
◀ **9 Penang Road** (30% stake)
9 Penang Road
S$295.5M/US$218.6M
in June

Maxwell House ▶
20 Maxwell Road
S$276.8M/US$204.8M
in May

South Korea

O2 ▶
YBD, Seoul
KRW336.0B/US$292.7M
in Q2

◀ **The Pinnacle Yeoksam**
GBD, Seoul
KRW174.8B/US$152.3M
in Q2



◀ **31 Building**
CBD, Seoul
KRW442.0B/US$385.0M
in Q2

TJ Logistics Center ▶
Gimpo-si, Gyeonggido
KRW82.0B/US$71.4M
in Q2

Taiwan

11 Floors of WTO 14 Building ▶
Taipei City
TWD3.8B/US$132M
in April

◀ **Fetnet Neihu Building**
Taipei City
TWD3.3B/US$112M
in April

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