REPORT
Savills Research

Asia Pacific – Q2 2023

Investment Quarterly

savills

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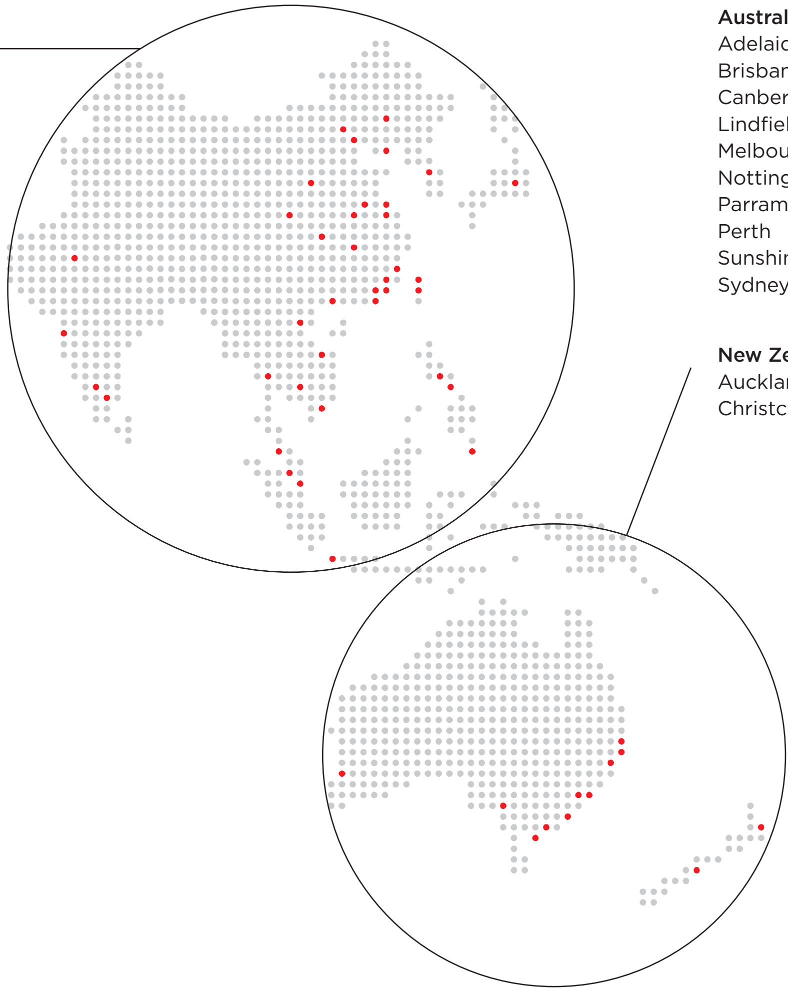

Australia
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Melbourne
Notting Hill
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New Zealand
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* Associate Office

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 74 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

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As Q2 ends, economic expectations have again been adjusted as inflationary pressures continue to linger amid a very tight labour market, contributing to strong wage growth. While overall price inflation has started to decelerate, led by goods, services price inflation remains persistent and interest rates are being pushed higher, with expectations that there will be one or more rate rises in Q3. As a result, household spending has slowed.

Against these challenges, there has been a faster than expected recovery in Australia's population growth due to a rebound in net overseas migration, and its forecast has been upgraded. Although the Australian economy is expected to outperform all major advanced economies, global and domestic headwinds will drag on activity in 2023–24. GDP is expected to reach 1.6% in 2023 after growth slowed to 0.2% in Q1/2023.

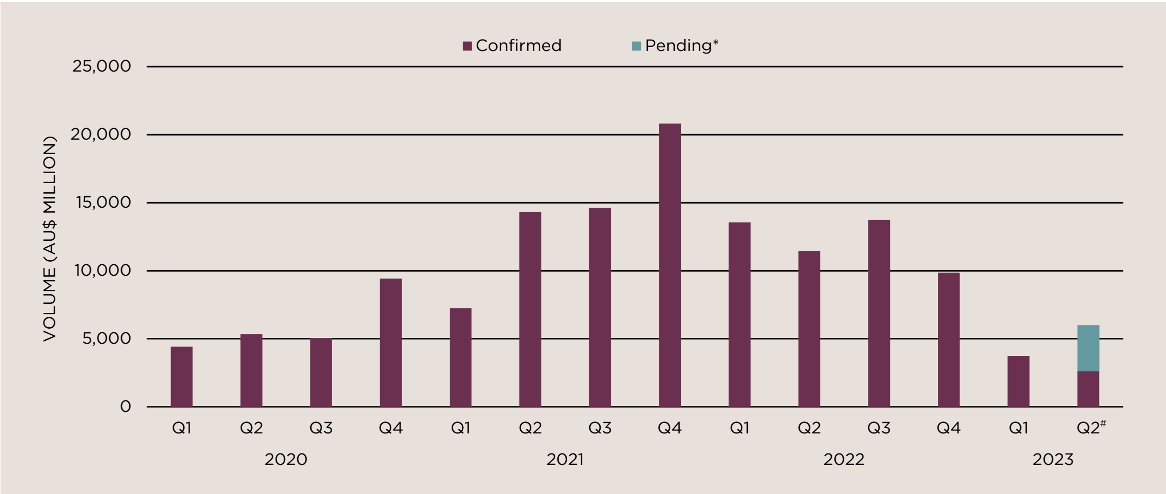
The bid-ask spread between purchasers and vendors has widened further in recent months. Deal flow has slowed, and yields have moved out, with some repricing underway. While higher interest rates are making it harder for some transactions to move forward, particularly for investors with significant leverage or shorter-term mandates, opportunistic capital has started to return. The preference for global capital to increase exposure to Australia will play a significant role in unlocking investment activity later this year and into 2024.

Sustained demand, amid record low vacancy and a restricted pipeline, continues to support strong rental growth in industrial, helping to offset most of its yield expansion. In office, despite a gradual return to the office in some markets, rental growth has occurred, although the pace of growth has diverged across property grades and locations, as investors and occupiers rotate towards core assets. Across the board, valuations are moving at a slower pace, with REITs generally reporting only modest yield expansion and small declines in capital values to date due to higher interest rates and funding costs. The end of financial year reporting period is expected to provide further insight.

Initial estimates for Q2 indicate that commercial investment volumes across the office, industrial and retail sectors fell 37% in quarterly terms to c.AU$2.3 billion down from c.AU$3.7 billion in Q1/2023 (excluding transactions that are in due diligence/pending). By sector, office volumes were recorded at c.AU$501 million, down from c.AU$1.4 billion in the previous quarter. Industrial is currently at c.AU$749 million, down from c.AU$1.2 million in Q1. Retail volumes held at c.AU$1.1 billion.

Despite high inflation and financial instability, the number of investors seeking to increase or maintain allocations to real estate still outnumbers those looking to retreat, according to Realfin. Indeed, its latest target allocation data shows an increase from 10.1% to 10.9% globally. The amount of dry powder (unused capital) targeting real estate remains elevated, suggesting that investors continue to have access to funding through this cycle. In Australia, whilst confirmed transaction volumes have fallen Q/Q, it is understood that more than AU$3.6 billion of transactions are in due diligence or pending. This is likely to boost final deal volumes for 2023, into 2024.

Commercial Property Transactions (AU$10m+) by Status, Q1/2020 to Q2/2023 (YTD)



Source MSCI Real Capital Analytics, Savills Research
*Estimated transaction volumes (AU$10m+) in due diligence or pending in 2023
#Preliminary for Q2/2023

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
45 Pirie Street	Adelaide, SA	AU$76.5 mil/ US$51.9 mil	Realside JV Curated Capital	Office
Craigieburn Central	Hume, VIC	AU$300.0 mil/ US$203.7 mil	IP Generation	Retail
49-61 Stephen Road	Banksmeadow, NSW	AU$143.0 mil/ US$97.1 mil	ESR Australia	Industrial
Deepwater Plaza	Woy Woy, NSW	AU$110.0 mil/ US$74.7 mil	Raptis Investments Pty Ltd	Retail

Source MSCI Real Capital Analytics, Savills Research

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Beijing's en-bloc investment market remained sluggish in Q2/2023, while five major deals were recorded and registered a total consideration of merely RMB4.03 billion, down 58% YoY. Surprisingly, the acquiring demand was focused on retail projects and assets of industrial parks, by contrast, the purchase of office buildings was absent in the quarter.

Major transactions included:

- Easyhome New Retail Group acquired a shopping mall, Sino-Ocean We-Life Plaza, from Sino-Ocean Group, for a total consideration of RMB1.963 billion.

- A bio-tech company acquired a building located in the industrial park Sky Realm Industry Plaza for its R&D centre, for the consideration of RMB918 million.

Entering the real post-pandemic era, a limited number of en-bloc investment transactions were closed during 1H/2023. The accumulated consideration in Beijing's investment market totaled RMB10.77 billion, a decline of 21.8% YoY.

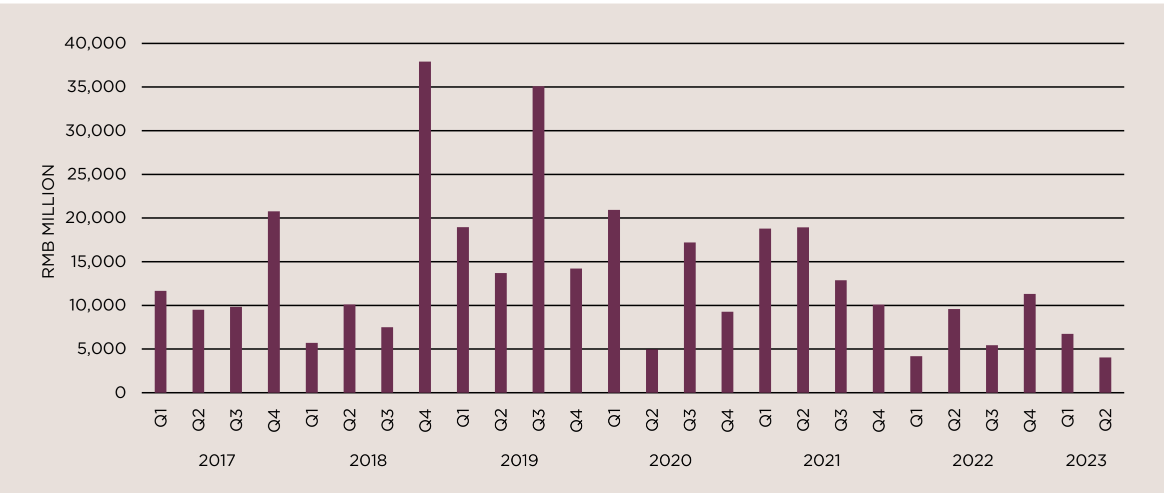
Likewise, the commercial strata-title sales market downturn continued during the quarter. For the office sector, first-hand strata-title office supply reached 69,954 sq m in Q2/2023, a spike of 277% YoY. The total transaction area reached 191,840 sq m, down 7.6% QoQ but up 81.6% YoY. Total consideration hit RMB3.52 billion, down 14.9% QoQ but up 48% YoY. The transaction price averaged RMB18,347 per sq m, down 7.9% QoQ and 18.5% YoY.

Meanwhile, the first-hand strata-title retail market had limited supply of 12,286 sq m, down 72.9% QoQ and 81.6% YoY, respectively. The total transaction area was 124,541 sq m, down 55.9% QoQ and 44.9% YoY. Total consideration registered RMB2.44 billion, down 42.7% QoQ and 59.2% YoY. The transaction price averaged at RMB19,571 per sq m, up 29.9% QoQ but down 25.9% YoY.

As a result of the current downturn in China's macro-economy as well as the real estate industry being in its worst downward cycle, investment institutions find themselves less motivated to roll out significant investments. Investing volumes have dropped as investors are conservative or even cautious.

Nevertheless, it is believed that investments and acquisitions in Beijing's commercial property market will rebound in 2H/2023 as China authorities have started to implement various measures of financial supports for the realty sector over the previous months. It is forecast that the implementation of additional stimulus spending will trigger a surge in investment activity. The rapid growth of en-bloc property investments is almost impossible, and this sector will not be able to rebound as strongly as it once did in the previous decade.

En-bloc Investment Volumes, Q1/2017 to Q2/2023



Source Savills Research

Major En-bloc Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Sino-Ocean We-Life Plaza	Asia-Olympic	RMB1.96 bil/ US$273.0 mil	Easyhome New Retail Group	Retail
Sky Realm Industry Plaza	Daxing District	RMB918.0 mil/ US$127.7 mil	Sino Biological Inc.	R&D Centre

Source Savills Research

China (Western) - Chengdu

As the pandemic recedes and the consumer market rebounds in 2023, Chengdu retail sales of consumer goods have risen in 2023, achieving RMB235.53 billion in the first quarter, up 3.3% YoY. The retail sales of consumer goods above the designated size have increased by 0.5% and the online retail sales of consumer goods above the designated size have risen by 6.9%. Catering revenue reached RMB40.66 billion, up 7.1%; retailing revenue reached RMB194.86 billion, up 2.5%. The sales of upgraded goods saw rapid growth. Sales of new energy vehicles, smart household devices, and audiovisual equipment increased by 36.1% and 10.9%, respectively.

Three submarkets are expected to attract more attention in 2023: Chunxi Road-Yanshikou, Jiaozi Park Commercial District and Tianfu New Area. With active adjustments from Yanlord Landmark and Chengdu COSMO, the closure of Ito-Yokado Department Store (Chunxi) and Isetan Department Store (Chunxi) due to leasing expiration last year, Chunxi Road-Yanshikou, the traditional Chengdu retail center, is likely to experience an accelerated reformation in the next few years. The launch of Chengdu SKP and Magic cube has upgraded retail properties within the Jiaozi Park Commercial District, a new retail center in Chengdu. Tianfu New Area is the submarket with the most supplies this year in the city. New projects like Tianfu Joy City and Tianfu Joyous Time considerably enhance the variety and quality of retail properties and brands within the area. Looking forward, how to satisfy consumers' increasing needs for atmosphere and experience may be a crucial factor for retail projects to renew their popularity in the future. Additionally, consumers are more aware of health issues in the post-COVID era. Retail projects are supposed to incorporate features related to sports, health and the environment in the interior design, create consumption scenes, and choose tenants closely related to these issues.

During the economic recovery period, developers backed by government platform companies are expected to become major participants in the city's premium retail property development due to their high resilience. Considering Chengdu government's vigorous efforts to promote urban renewal and develop community retail in recent years, as well as consumers' growing demand for open consumption space intrigued by the pandemic, street retail projects invested and developed by governmental platforms may become Chengdu market's focus in the future.

2023 has witnessed a rebound in the consumption market, and outdoor sport brands will keep exploring market potential.

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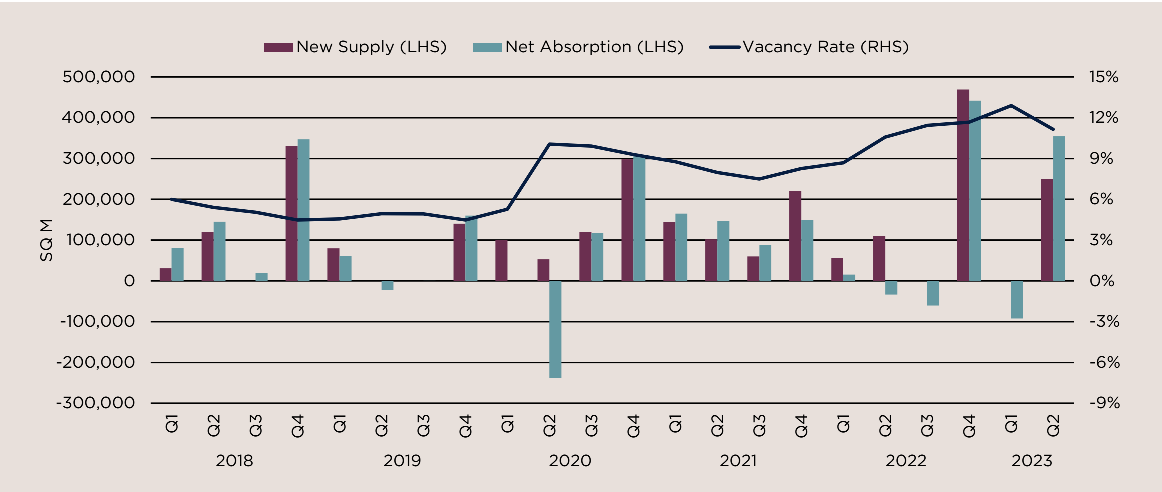
Retail Market New Supply, Demand and Vacancy Rate, Q1/2018 to Q2/2023



Source Savills Research

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Group 2 of Liangfengding Village, Zhengxing Neighborhood	Tianfu New Area	RMB3.82 bil/ US$554.9 mil	Chengdu Huaxu Real Estate Development Co. Ltd	Residential
Group 6, 8, 10 of Baojiangqiao Village, Liujiang Neighborhood	Jinjiang	RMB1.02 bil/ US$147.7 mil	China Resources Land Ltd	Mixed use
Group 7, 8 of Linjiang Village, and Group 7, 9 of Tongpai Village, Guixi Neighborhood	Wuhou	RMB4.25 bil/ US$618.1 mil	Sichuan Yuanda Group	Mixed use
Group 7, 8 of Yinglong Community, Zhonghe Neighborhood	Shuangliu	RMB832.7 mil/ US$121.0 mil	China Resources Land Ltd	Residential
Group 2 of Changchun Community, Baohe Neighborhood	Chenghua	RMB1.39 bil/ US$201.4 mil	Yuexiu Property Co. Ltd	Residential

Source Savills Research

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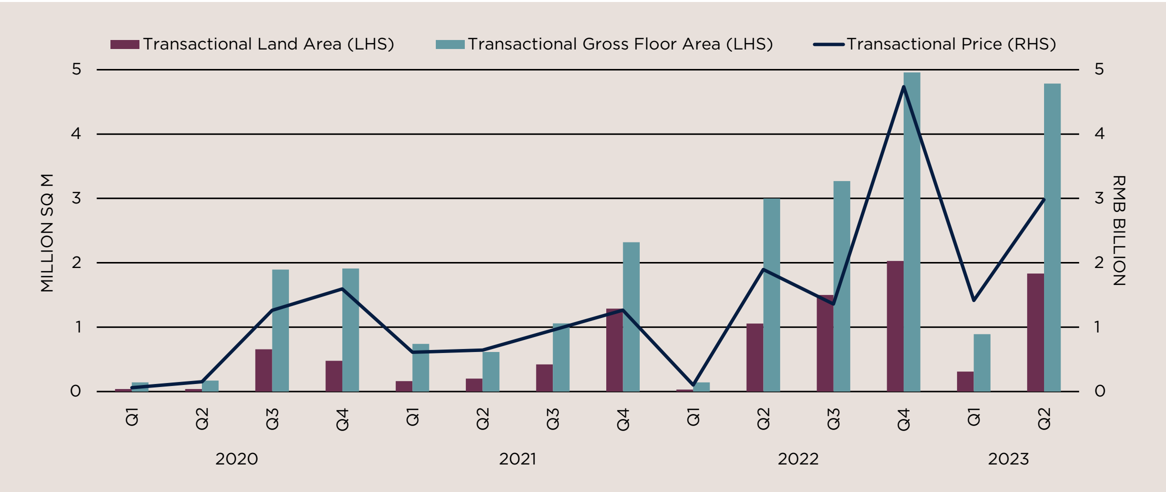
Since reform and opening-up, Shenzhen industrialisation has rapidly advanced. At the end of 2022, Shenzhen replaced Shanghai as China's largest industrial city, with the citywide total industrial added value for all industries reaching RMB1,135.7 billion, up 4.7% YoY. In a bid to further promote the manufacturing industry, the government announced a raft of policies and incentives. In response to the rising price and industrial land shortage, the Industry's Going Upstairs (IGU) concept is advocated to improve land utilisation and include more industries and enterprises in city development. This year's government work report has indicated industrial clusters as the core engine of high-quality economic development in Shenzhen. In one of the latest moves, the provincial government issued a 22-step guideline on 1 June 2023. On the supply side, the local government made great efforts to stabilise the industrial land supply and provide more competitive sites with sound supporting infrastructure across the city. Echoing these measures, industrial land market sales exceeded expectations, with both supply and transactional volume surging in the quarter. As of 14 June 2023, the quarterly land area transacted surged by 73.6% YoY to 1.8 million sq m and the total transactional price increased to RMB3.0 billion, up 57.0% YoY.

Industrial land transaction activities picked up notably in Shenzhen, with the number of enterprises participating in the land auctions and deal conclusion spiking in Q2/2023. Several major sales transactions were concluded during the period including BYD Company Limited and Shenzhen Bay Baolong acquired five land plots for industrial use. After purchasing plot E2022-0019 in Shenzhen-Shanwei Special Cooperation Zone with RMB0.38 billion for its automobile industrial park, BYD further shelled out RMB1.37 billion on plot G02416-0119 with a land area of 554,113 sq m in Longgang District, planning to establish a global R&D centre and advanced production base. Another Shenzhen-based leading biomedical enterprise, Shenzhen Bay Baolong purchased three plots (G02113-0060, G02113-0061 and G02113-0062) for a total consideration of RMB0.43 billion for the company's biopharmaceutical pilot zone expansion.

Against the backdrop of a solid local industrial foundation and continuous supporting policies, Shenzhen remains attractive to both local-based and global manufacturing enterprises, and the city's industrial land sales market is forecast to maintain an upswing trend in the coming years.

Industrial Land Sales Transaction Volume and Price, Q1/2020 to Q2/2023



Source CRIC, Savills Research

Major Land Sales Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Shenzhen G02416-0119	Longgang	RMB1.37 bil/ US$190.9 mil	BYD Company Limited	Industrial
Shenzhen G02113-0062	Longgang	RMB0.16 bil/ US$22.6 mil	Shenzhen Bay Baolong	Industrial
Shenzhen G02113-0061	Longgang	RMB0.14 bil/ US$20.1 mil	Shenzhen Bay Baolong	Industrial
Shenzhen G02113-0060	Longgang	RMB0.13 bil/ US$17.6 mil	Shenzhen Bay Baolong	Industrial
Shenzhen E2022-0019	Shenzhen-Shanwei Special Cooperation Zone	RMB0.38 bil/ US$52.5 mil	BYD Company Limited	Industrial

Source CRIC, Savills Research

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Domestic insurance companies have historically invested into the real estate through equity stakes in listed developers, attracted by high dividends and strong performance. However, the recent financial troubles of Evergrande, along with concerns surrounding smaller developers, continue to cast a long cloud over this sector. Insurance companies have incurred significant impairment losses due to debt defaults and the ongoing decline in developers' stock prices. Ping An, Taikang Life, China Life, and Dajia Insurance have reduced their exposure to developer equity and fixed-income investments since 2021.

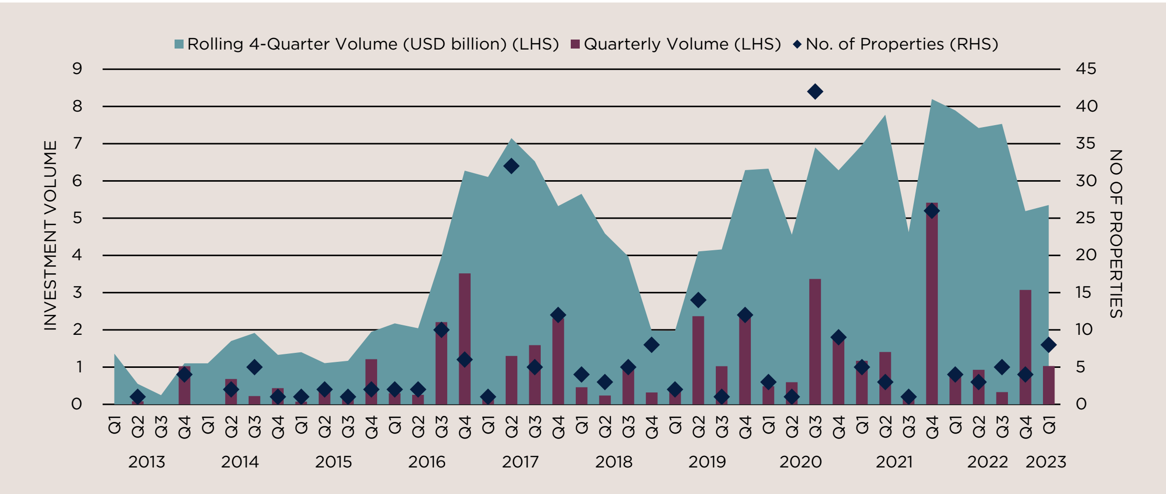
Real estate plays a crucial role in insurers' asset portfolios as it offers a risk-return profile that provides stable cash flow over the long term. Real estate accounted for approximately 3-5% of domestic life insurance's assets under management (AUM) in 1H/2022, according to Kaiyuan Securities, encompassing physical buildings, equity, and debt products. With domestic interest rates falling, office yields in Shanghai have exceeded borrowing rates for the first time in over a decade. Insurance companies in recent years have placed greater emphasis on investing in physical assets which allow greater transparency and tangible value than developer shares.

Ping An's 2022 annual report reveals that real estate holdings (assets, debt & equity) reached RMB205 billion, representing 4.7% of AUM down 0.8 ppt YoY. Direct real estate holdings totalled RMB118 billion, accounting for 57.7% of the total real estate AUM up 11.1 ppt YoY.

Currently, there are many quality assets for sale in first-tier cities with price tags of US$1bn, with developers looking to recycle capital and/or reduce their liabilities. There is limited pool of investors with the appetite or the ability to acquire assets of that magnitude, meaning that insurance firms will likely be the primary buyers.

Insurance firms accounted for four of the top 10 buyers in the capital markets over the past 12 months, according to RCA. AIA was the most active insurance company acquiring of SIIC Tower in North Bund and Jinchuang Building in Pudong for a combined consideration of RMB11.8 billion. Ping'an meanwhile acquired 11 assets with a total consideration of RMB10.8 billion over the past 12 months, including a portfolio of four business parks in Beijing and Shanghai from Hony Capital for RMB7.3 billion. Dajia Insurance and China Life followed with total considerations of RMB8.4 billion and RMB6.4 billion, respectively.

Insurers Real Estate Investment Volume, Q1/2013 to Q1/2023



Source MSCI Real Capital Analytics

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Baijiahui Zhangjiang	Pudong	RMB910.0 mil/ US$126.7 mil	Ascent and Chow Tai Fook	Business park
Bvlgari Residence (51% Share)	Jingan	RMB612.0 mil/ US$85.2 mil	Zhejiang Century Huatong	Serviced apartment
I Space	Pudong	RMB590.0 mil/ US$82.2 mil	Ascent and Chow Tai Fook	Business park
Juyuan Building	Jingan	RMB565.0 mil/ US$78.7 mil	Brookfield	Serviced apartment
Hongqiao World Center D1	Qingpu	RMB510.0 mil/ US$71.0 mil	BRC Real Estate Development	Office

Source Savills Research

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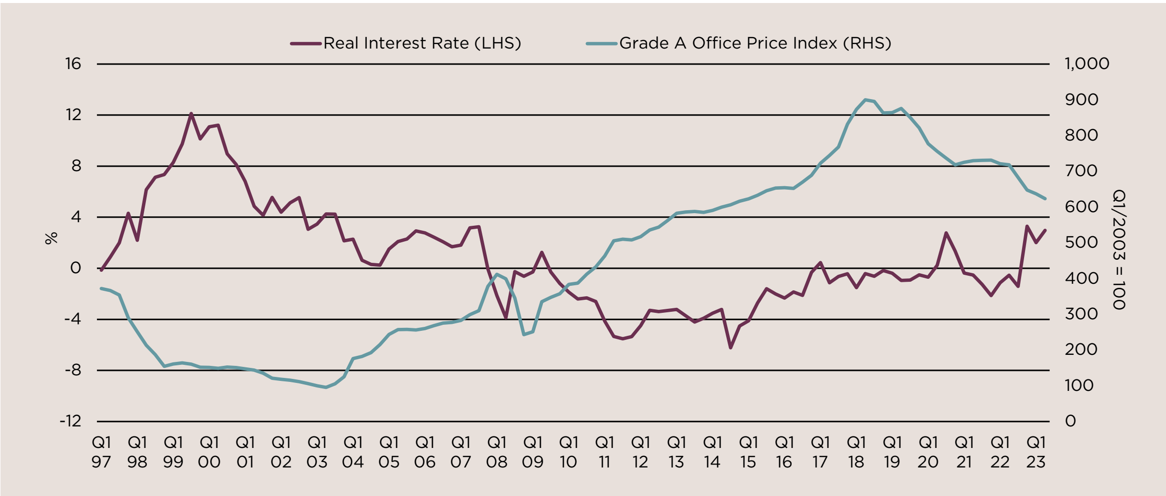
High interest rates hikes (where 3-month HIBOR surged to over 5% in mid-June for the first time since 2007 when the market was red hot) are widely regarded as one of the main reasons behind current sluggish property investment sentiment, but the speed of the rises, up by 5 percentage points over 12 months, has also taken many veteran investors by surprise. The last two rate hike cycles (from 2004 to 2006 and from 2016 to 2018) saw interest rates increase by 4 and 2 percentage points respectively over a 2-year time span, with a much milder impact on market sentiment.

On the other hand, real interest rates (3-month HIBOR minus inflation) have had a much more profound negative impact on asset pricing over the past few property cycles, with a high negative correlation (-0.63) with Grade A office prices from 1997 to 2023. As real interest rates started turning positive over the past 12 months, asset prices have come under increasing downward pressure, worsened by a poor economic performance and fragile investment confidence.

As a result, non-residential (office, retail, hotel, industrial) investment transaction values declined sharply from HK$12.0 billion in Q1 to HK$7.5 billion in Q2, a 37.5% decrease. If we only take major transactions into account (en-bloc or transactions involving over 30% ownership), a Q2 volume of HK$0.6 billion was less than 10% of Q1's (HK$7.0 billion). While high holding costs have pushed more vendors to market their assets, banks' unwillingness to lend in the commercial market, together with negative yield carry in most sectors, deterred many potential investors.

The investment market looks set to endure at least another difficult six months with interest rates almost certain to remain high (if not push higher), and many experienced investors with sizeable portfolios and relatively healthy LTVs (below 40%) could begin to receive calls from banks requesting them to further lower their loan amounts by cash repayment or by selling down their portfolios. With more vendors under pressure to sell underperforming assets over the coming months, coupled with declining office rents and slowing growth momentum in both the retail and hotel segments, asset prices look set to come under further pressure. While more strata office floors and small retail shops are likely to be purchased by end users, investment deals may only happen at 5% plus yields, with more transactions likely to be concluded at yield levels of around 7% to 8%.

Real Interest Rate vs Grade A Office Price Index, Q1/1997 to Q2/2023



Source HKMA, Census and Statistics Department, Savills Research & Consultancy

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
High floor units with 5 car parking spaces, NCB Innovation Centre, 888 Lai Chi Kok Road	Lai Chi Kok	HK$252.0 mil/ US$32.3 mil	TBC	Office
Villa Ellenbud	Po Fu Lam	HK$550.0 mil/ US$70.5 mil	TBC	Residential
5 Goldsmith Road	Jardine's Lookout	HK$750.0 mil/ US$96.2 mil	TBC	Residential
A residential development sites, 3, 5, 9 Finnie Street	Quarry Bay	HK$412.0 mil/ US$52.8 mil	TBC	Residential

Source Savills Research & Consultancy

India

India continued to demonstrate remarkable resilience to global headwinds in the first half of 2023, aided by supportive domestic demand conditions. The central bank played a commendable role in walking the tightrope between inflation and growth. Although there has been a 250 bps increase in benchmark lending rates since early 2022, the hikes have been gradual and well spaced-out, ensuring minimal impact on consumption, demand, and overall liquidity in the market. Domestic inflation, at 4.25% in May 2023, was at its lowest in 25 months. In early June, the RBI maintained the repo rate at 6.5% for the second consecutive time in its bi-monthly policy meet thereby conveying its confidence on managing inflation. Industry experts expect the bank to keep the rate paused for a while, possibly, until the end of the year. The RBI's inflation projection for FY2024 currently stands at 5.1%, well within the tolerance zone of 2%-6%.

India's GDP result for Q1/2023 was a pleasant surprise, as the economy grew by 6.1% YoY, up from 4.5% in Q4/2022. This has led Oxford Economics revise their 2023 GDP growth forecast to 5.6%. However, the future still looks uncertain. In the backdrop of weakening external environment and probable cooling of domestic consumption, we might witness the momentum moderating in the second half of the year.

Drawing confidence from government efforts to build a favourable environment, investment sentiment appears to be positive. During Q2/2023, private equity investment inflows into the Indian real estate sector amounted to US$1.3 billion (INR104 billion), registering an increase of 80% YOY. Despite persistent scare of an impending global recession, institutional investors have placed long-term bets on the Indian real estate sector. This quarter marked the completion of some large-scale transactions that were in the pipeline for over a year.

Commercial office assets continued to remain the frontrunner during Q2/2023, garnering about 66% share of the total investment. All the quarterly investment came from foreign institutional investors and a majority was concentrated in core office assets across Mumbai, Delhi-NCR and Hyderabad. Industrial and logistics assets across Delhi-NCR and Mumbai also attracted a significant share of 20% in the overall quarterly investment pie.

The investible universe in the Indian real estate sector has been expanding with the evolution of new products such as REITs. In May 2023, the market witnessed the launch of India's maiden retail REIT, Blackstone-backed Nexus Select Trust REIT which was subscribed 5.45 times.

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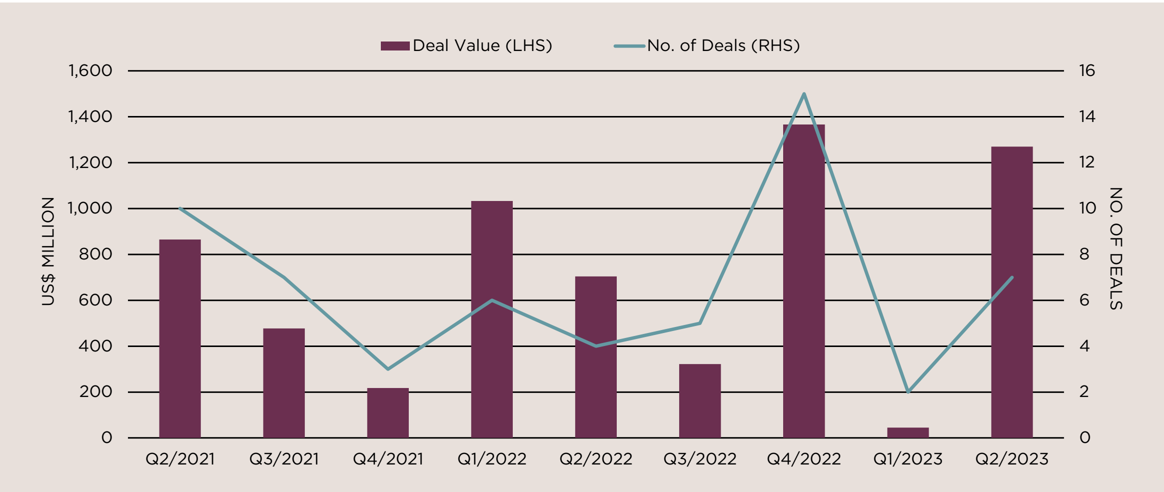
Private Equity Real Estate Investment, Q2/2021 to Q2/2023



Source Savills Research & Consulting

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
50% stake each in Downtown Powai portfolio and Candor Techspace G1	Mumbai and Gurugram	INR32.6 bil/ US$397.0 mil	GIC	Office
M3M's select assets	NCR	INR15.0 bil/ US$183.0 mil	PAG Credit & Markets	Residential
Phoenix Aquilla	Hyderabad	INR10.5 bil/ US$128.0 mil	GIC	Office

Source Savills Research & Consulting

Indonesia

In the midst of a slowing world economy, Indonesia is still growing strongly. Even though there are many risks including geopolitical turbulence, drought and El Nino in several countries, alongside the threat of the next pandemic, the Indonesian economy continues to expand, but the mood is cautious. Economic growth in Indonesia is projected to moderate to 4.9% in 2023 from 5.3% last year with the normalization of domestic demand following the post-pandemic jump last year. Indonesia's economic conditions ahead of the 2024 election should remain robust.

Strata title apartment absorption within the surrounding Greater Jakarta area has remained stagnant, which is indicated by the limited new supply and demand. In addition, high construction costs have also impacted on the limited new supply, contrary to the recent market conditions which are still very sensitive to current prices. Compared to 2018, in terms of supply growth of strata title apartments, a negative trend of -49.8% was recorded whilst demand was down by -36.6%.

However, several projects still recorded healthy absorption rates, mainly due to several factors including the developer's name, construction progress, as well as access to rail-based public transportation, including providing direct access to the LRT. Investors are currently very limited, and most buyers are end-users who will occupy their own apartment units.

Recently, buyers have been very careful in choosing apartments, and most transactions have occurred in several projects by developers with a good reputation, such as Japanese developers or larger local developers who prioritize commitment and certainty of product completion. Developments with construction progress above 95% have also enjoyed strong absorption rates.

In other property sectors, such as hotels, it was identified that market conditions improved after the Eid holiday, in line with the realization of the government's budget for MICE activity in hotels. Domestic trips are also increasing, and business travelers and groups from government and local businesses dominated demand during Q2/2023.

The current office strategy is more focused on how to optimize office space and costs. We note that most tenants who are relocating or expanding are more likely to choose pre-fitted office space, either partially or completely, to minimize capital expenditure. However, with such a high supply volume, the Jakarta office market has entered a challenging period for landlords.

In the retail market, since the government officially announced that Indonesia was entering an endemic period, visitor traffic has improved and is expected to return to pre-pandemic levels. The F&B industry remains the most active retail player in expanding business, filling vacancies in retail centers. In a further sign of recovery, one of the big international fast-food franchises, Popeye, returns to the Indonesian market in 2023. In addition, several branded retail chains are also expanding.

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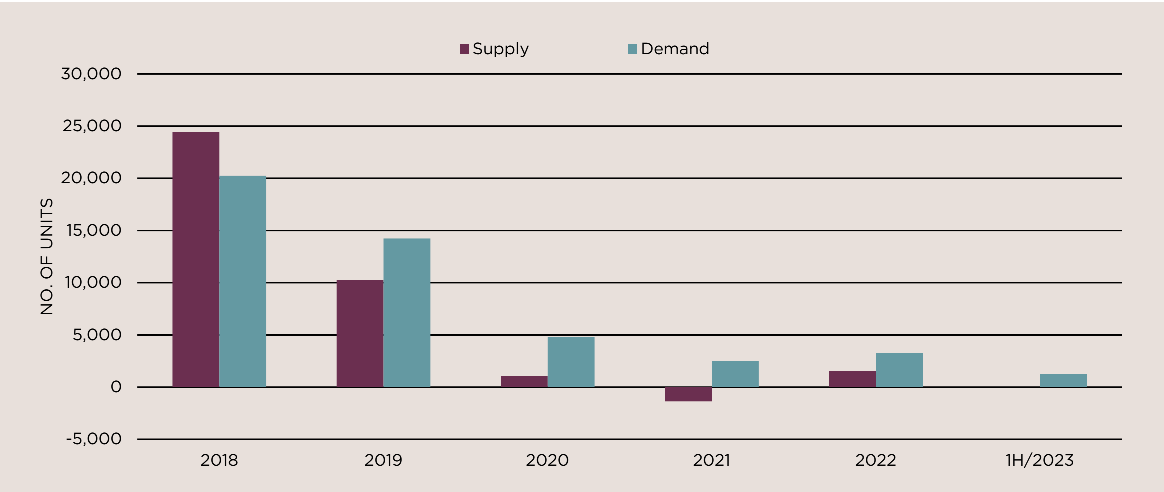
Annual Supply and Demand of Apartments in Greater Jakarta, 2018 to 1H/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Sopo Del Building (around 500 sq m office space)	CBD Jakarta	IDR16.0 bil/ US$1.1 mil	Commodity Company	Office
Satrio Tower (around 700 sq m office space)	CBD Jakarta	IDR26.6 bil/ US$1.8 mil	N/A	Office
A 30,000 sq m industrial land	Cikarang (Greater Jakarta)	IDR84.0 bil/ US$5.5 mil	Electric Motorcycle	Factory
Mega Warehouse	East Jakarta	N/A	Logistic Company as part of E-commerce Company	Logistics

Source Savills Research & Consultancy

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According to the Ministry of Finance, corporate profits across all industries in Q1/2023 increased by 4.3% year-on-year (YoY). Japan's economy is expected to continue its steady path of recovery, supported by pent-up demand. However, growth may be impeded by a slowdown in the global economy, especially in the export markets.

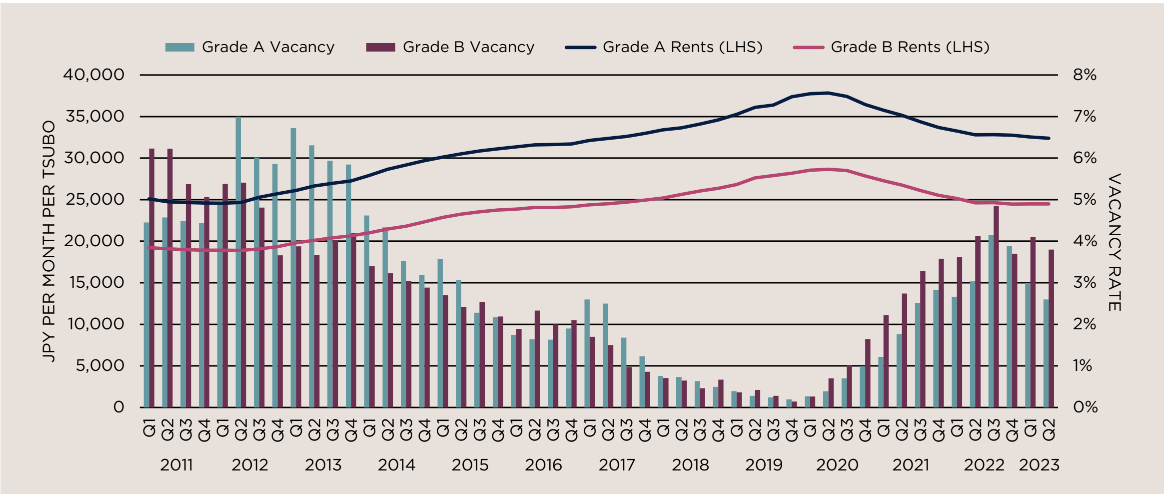
The May CPI excluding fresh food was up 3.2% YoY due to higher energy and import prices. However, it seems to have peaked, and is expected to reach a level of around 1-2% next year. The Bank of Japan is expected to normalise monetary policy late this year after carefully reviewing inflation and wage growth. The Shunto wage negotiations in 2023 have led to notable increments for many major Japanese corporations, which will likely contribute to a sustained rise in prices at least for those who work in large corporations.

TOPIX soared sharply in Q2/2023, increasing 14.3 % quarter-on-quarter (QoQ) on the back of strong capital inflows from overseas. Improved corporate profits and governance support this trend. Meanwhile, the TSE J-REIT index has moved in the same direction increasing by 4.3% QoQ, after confirming the direction of the global interest rate environment.

The logistics sector continues to hold its allure amongst investors, even as the expansive supply contributes to a noticeable increase in vacancy rates. Meanwhile, the residential sector has maintained its popularity due to its inherent stability, although the once prominent portfolio premium appears to have dissipated. Although the office sector in Japan has exhibited stability overall, the sector outlook, particularly in the US, presents challenges which have weighed upon market sentiment. The surge in demand from inbound tourists has resulted in significant price hikes for hotels, surpassing pre-pandemic levels. In a similar vein, the retail sector has witnessed growing interest due to robust inbound demand. Diverse market perspectives and varying global exposure have spurred numerous transactions of substantial volume, with the stabilised interest rate environment lending further support to this trend.

In Q2/2023, rents in the Grade A office market declined at 0.5% QoQ to JPY32,386 per tsubo, albeit a smaller decline than the previous quarter. Vacancy remains low overall, tightening by 0.4ppts QoQ to 2.6%, indicating that the market is moving towards greater stability. That said, the introduction of large amounts of new office supply to the market late this year, and lingering hybrid work arrangements threaten occupancy recovery. Nevertheless, pre-leasing has been largely encouraging, and the mixed-use features and ESG specifications of many new office developments should help to attract tenants and ease some concerns going forward.

Office Rents and Vacancy Rates in Tokyo's Central Five Wards, 2011 to Q2/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Blackstone Logistics Portfolio (6 properties)	Various	Over JPY114.0 bil/ Over US$800.0 mil	GIC	Logistics
Odakyu Dai-ichi Seimei Building	Tokyo	Over JPY71.0 bil/ Over US$500.5 mil	Dai-ichi Life Insurance-affiliated domestic company	Office
CBRE IM Logistics Portfolio (6 properties)	Various	Over JPY64.0 bil/ Over US$447.3 mil	Mapletree Logistics Trust	Logistics
Odakyu Century Building	Tokyo	Over JPY57.0 bil/ Over US$401.8 mil	Central Park TMK (SPC invested in by KKR related fund, etc.)	Office
Prologis Soka	Saitama	JPY51.4 bil/ US$362.4 mil	Nippon Prologis REIT	Logistics

Source Nikkei RE, MSCI Real Capital Analytics, J-REIT disclosures, Savills Research & Consultancy

Macau SAR

Macau's economy is rebounding, with gaming revenue reaching new highs following the easing of COVID restrictions. GDP has recovered to 50-60% of pre-pandemic levels, driven by strong gaming revenue and increased tourism.

The residential market in Macau is experiencing a gradual recovery, albeit at a slower pace than expected. In May 2023, the transaction volume reached 1,557, with 80% of the transactions undertaken by first-time homebuyers for properties priced below MOP8 million. Notably, the top three regions with the highest transaction volume are Taipa Central, the new reclamation areas of Areia Preta, and Iao Hon.

As of May, the average transaction unit price for residential properties in Macau was reported to be MOP8,647 per sq ft of saleable area. The average unit price for second-hand properties was reported to be MOP8,630 per sq ft of saleable area, continuing a trend to lower prices than the MOP9,000 levels seen in December 2021. The average price of first-hand properties was reported to be MOP12,381 per sq ft of saleable area, which is relatively low compared to previous levels in the range of MOP13,000 to MOP14,000. On the other hand, the average rent per sq ft for residential units in the first quarter fell by 1.5% on a quarterly basis. The declines in Macau Peninsula, Taipa, and Coloane were recorded at 0.8%, 1.5%, and 2.2%, respectively.

It is noteworthy that the Macau government currently has no plans to adjust the current cooling measures in place in the property market, which may lead to transaction volumes and unit prices remaining at current levels. The trend of lower prices for second-hand properties is expected to continue due to sluggish market conditions, while the prices of first-hand properties are likely to remain relatively low compared to pre-pandemic levels. Nonetheless, the government's efforts to revive the economy and the property market could lead to a recovery in due course.

The latest figures released by the government indicate that there are currently 2,205 residential units at the construction stage, with over 85% of these units classified as small units with a gross floor area of less than 1,000 sq ft and offering two bedrooms or less. In addition, there are 6,582 units at the design stage which are expected to be available in the coming years, with similar small-sized layouts.

Overall, there are approximately 8,800 residential units expected to be available in the coming years, with small-sized units likely to make up the majority of supply. However, if the government decides to launch a land auction program in the coming months, that would provide additional stock to the market.

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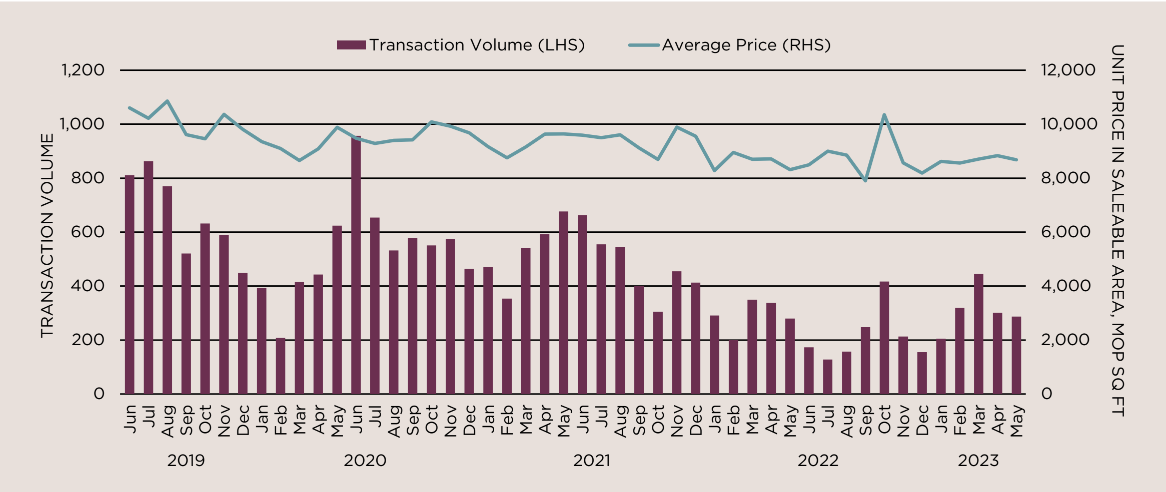
Residential Transaction Volumes and Average Transaction Prices, June 2019 to May 2023



Source DSF Macau, Savills Macau

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After positive GDP growth throughout 2022, Malaysia's economy continued to grow strongly by 5.6% QoQ in Q1/2023. This was mainly driven by stronger household spending, continued investment activity and higher inbound tourism. For full-year 2023, Malaysia's central bank, Bank Negara Malaysia (BNM) has forecast growth of 4% to 5%, mainly driven by domestic demand. Although inflation has been largely controlled recently, it remains elevated at 3.6%. As a result, BNM further raised the Overnight Policy Rate (OPR) by 25 bps to 3.0% in May 2023, just below the pre-COVID threshold of 3.25% in March 2019.

The value of major real estate transactions for the reviewed quarter, although remaining healthy, declined by 19% YoY and 29% QoQ to MYR1.57 billion (Q2/2022: MYR1.94 billion, Q1/2023: MYR2.20 billion). Despite the decrease in aggregate, the market witnessed some significant land acquisitions by top industry players, and overall, it should be noted that 2023 has seen a promising start to the year.

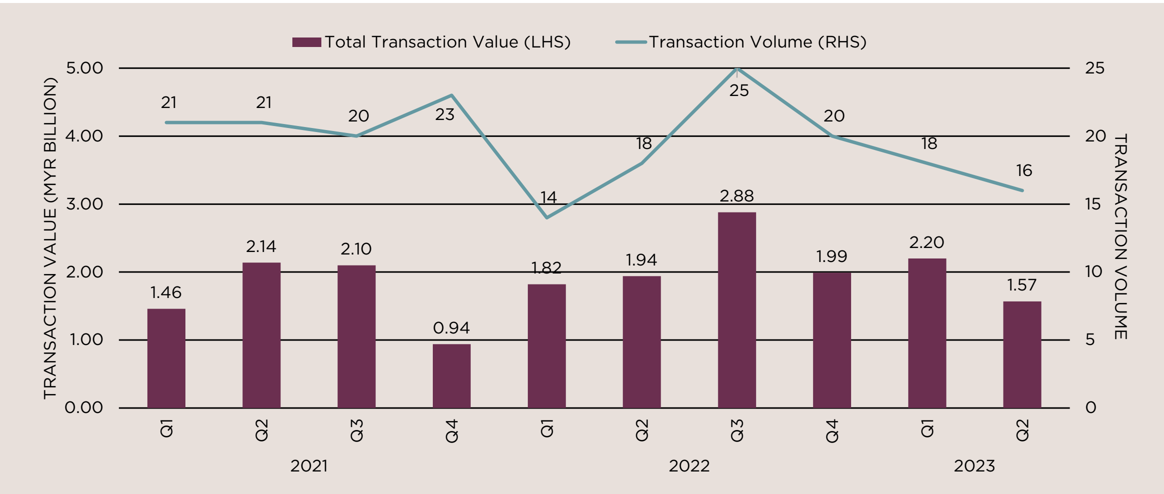
The largest transaction during the quarter was the MYR392.04 million purchase by a wholly owned subsidiary of Mah Sing Group (a leading developer in Malaysia) of a 500-acre freehold site in Semenyih, Selangor from S P Setia Berhad. The site is earmarked for the development of an integrated township with an estimated GDV of MYR3.3 billion. The proposed integrated township will consist of landed homes and commercial lots and is expected to start by 2024, completing within eight to ten years in phases.

Three other notable transactions took place in Kuala Lumpur, Selangor and Kelantan. In Kuala Lumpur, YNH Property Bhd, through its subsidy, disposed of five acres of vacant freehold development land to Sunway Living Space Sdn Bhd for MYR170 million. In Selangor, UEM Sunrise, a leading property developer, acquired the Giant Kelana Jaya Mall from Kwasa Properties Sdn Bhd, a wholly owned subsidiary of the Employees Provident Fund Board (EPF) for MYR155 million, with plans to redevelop it once the retailer vacates at the end of 2023. The hypermarket sits on approximately 9.25 acres of freehold land adjacent to the Damansara-Puchong Expressway in Kelana Jaya, Selangor.

Moving to the eastern region of peninsula Malaysia, Aeon Co. (M) Bhd., a popular hypermarket and retail operator, acquired 21.7 acres of commercial leasehold land from Liziz Standaco Sdn. Bhd. in Kota Bharu, Kelantan for MYR165 million. AEON has been operating a shopping centre and a department store, while the land was leased from Liziz Standaco. Aeon has now acquired the land with the intention of developing a future retail business.

The acquisitions by major developers indicate growing confidence in future market prospects, and the overall market trends remain positive. Although the stability of the existing government remains of paramount importance, we are optimistic that the current recovery in the property sector will continue to strengthen during the second half of 2023.

Transaction Volumes and Value, Q1/2021 to Q2/2023



Source Savills Research

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
A 500 acres of land	Selangor	MYR392.0 mil/ US$84.1 mil	Mah Sing Group	Development land
A 5 acres of land	Kuala Lumpur	MYR170.0 mil/ US$36.5 mil	Sunway Living Space Sdn Bhd	Development land
A 21.7 acres of land	Kelantan	MYR165.0 mil/ US$35.4 mil	Aeon Co. (M) Bhd.	Commercial land and building
A 9.25 acres of land	Selangor	MYR155.0 mil/ US$33.3 mil	UEM Sunrise	Development land
A four-star beach resort (238 rooms)	Kedah	MYR145.0 mil/ US$31.1 mil	Plenitude Gateway Sdn Bhd	Commercial land and hotel

Source Savils Research, Bursa Malaysia

Pakistan

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Pakistan is facing adverse macroeconomic conditions, including high inflation, high interest rates, and Pakistan Rupee (PKR) depreciation, leading to a decline in economic activity. Despite this, the retail market has remained resilient in Q2/2023.

Lahore has a mix of traditional small retail plazas, prime retail strips (many of which are in prime locations such as Gulberg, a major artery of Lahore), and mall developments. Lahore's retail market has evolved over the years with consumers shifting preference from small retail plazas towards malls, especially in the last decade. Prime retail strips have also seen burgeoning demand with these strips becoming prime shopping and eating destinations.

The notable rise in mall developments can be attributed to a large target market, leading international brands to gravitate to larger, more established, and more up-market mall developments. Moreover, given the population's disposable income and a lack of open spaces and civic activities, many people have started utilizing malls not only for shopping and eating, but also for socializing, therefore increasing the footfall.

Lahore has an estimated existing stock of around 9 million sq ft of leasable retail space, of which around 4.2 million is comprised of Grade A and Grade B mall supply. Grade A and B malls have successfully maintained occupancy levels of over 70% and there is an upcoming mall supply of around 3 million sq ft of leasable retail area expected to enter the market over the next few years, reflecting the strong demand for retail space.

In Q2/2023, higher occupancy levels were typically observed in Grade A retail developments compared to those categorized as Grade B or lower. This discrepancy can be attributed to Grade A developments having better amenities, a stronger focus on factors which generate footfall such as entertainment facilities and food courts, and the increasing demand for high-quality retail spaces. According to Savills research, Grade A retail developments have achieved an average occupancy rate of 90% to 95%, whereas Grade B retail developments have an average occupancy rate of approximately 80%.

Most brands operating from malls and retail strips prefer leasing premises over purchasing. Quality Grade A malls have lease rates between US$2.8 and US$3.5 per sq ft per month, whereas Grade B malls have lease rates between US$0.7 and US$3.1 per sq ft per month.

Certain high-density retail hubs such as Liberty Market and Noor Jehan Road have sale/lease rates which are considerably higher than even Grade A malls due to the high footfall and strong business potential of the area.

Lahore High-end Retail Strips, Q2/2023

Source Pakistan Bureau of Statistics

Major Leasing Transactions, Q2/2023

PROPERTY	LOCATION	RENT PER MONTH	TENANT/BUYER	USAGE
Dolmen Sky - Towers (60,000 sq ft)	Karachi	PKR20.0 mil/ US$69,881.2	EY Rapid Innovation	Office
150,000 sq ft open yard facility and 10,000 sq ft office space	Islamabad	PKR7.5 mil/ US$26,205.5	Weatherford	Office and facility
2nd floor of Ufone Tower (6,300 sq ft)	Islamabad	PKR1.8 mil/ US$6,289.3	CitiBank	Office

Source Savills Pakistan - Transaction Advisory Services

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The Philippine Gross Domestic Product (GDP) grew by 6.4% in Q1/2023 – its slowest since the economy rebounded in Q2/2021. Domestic consumption took a significant hit from rising interest rates as it started to decelerate to 6.3% YoY from 8.3% in 2022. On the other hand, service exports have continued their double digit growth, recording a 19.9% YoY rise during the quarter. Service exports in travel and transport have returned to their pre-pandemic levels, reflecting economic activity moving back to normalcy. Information technology and business process management (IT-BPM) services continued to drive more than two-thirds of service exports in Q1/2023.

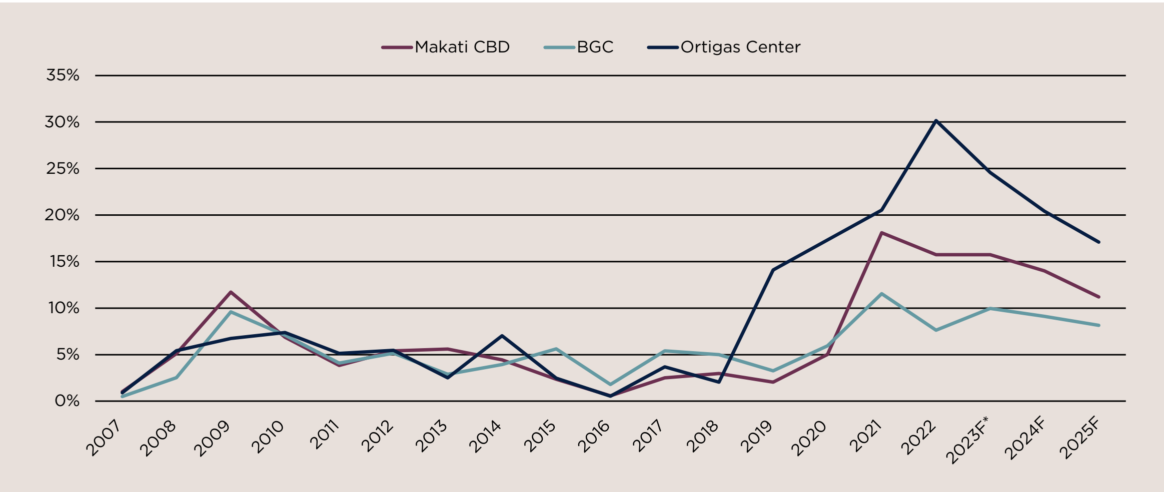
Despite the resilient IT-BPM revenues and retail foot traffic returning to pre-pandemic levels, office vacancies remain high and some submarkets, such as the Bay Area and Alabang, have vacancy rates above 30%. Metro Manila's top districts of Makati CBD, BGC and Ortigas Center are faring better with improving leasing activity. Although rents haven't broadly improved in the capital, BGC has seen pre-pandemic rental escalation as it enjoys single-digit vacancy rates. Ortigas Center has also gained some traction with its largest drop in vacancy in over a decade, but average rents have remained relatively unchanged since Q4/2018.

As demand for the submarket started to pick up, Keppel Philippines Properties (together with their subsidiary Opon-KE Properties) sold their 50% stake in SM Keppel Land – the holding company for The Podium West Tower and The Podium Mall in Ortigas Center. BDO Unibank (which holds the other 50%) has consolidated its control over the mixed-use building after paying around PHP8 billion for half of the holding company's equity. The purchase price is significantly higher than the share's net asset value of PHP3.39 billion.

The deal takes place at a time when the pandemic has fundamentally altered the demand for offices as work-from-home and other hybrid policies have proliferated. More employees no longer equate to more office space and the typical cubicle office design has been replaced in modern office floor designs by open floor plans. That is also the situation in Metro Manila, where the business outsourcing sector has consolidated its office network to accommodate a flexible workforce. Since the economy has recovered, qualified leads have tended to focus on smaller requirements, with whole-floor enquiries being almost nonexistent. Tenants currently using the space have begun to downsize or have abandoned growth ambitions.

In the coming quarters, we expect the divergence between demand and supply to further increase, and we do not expect vacancy conditions to return to pre-pandemic levels soon. The average occupancy rate is expected to remain at around 85% until 2025 unless workforce policies change, or a new sector fills the gap.

Net Foreign Direct Investment Flows, 2007 to 2025F



Source Department of Tourism (DOT)
* Extrapolation of year-to-date figures from January to February 2023.

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
The Podium West Tower & The Podium Mall	ADB Avenue, Ortigas Center	PHP8.0 bil/ US$144.3 mil	BDO Unibank	Office

Source KMC Savills, inc

Singapore

In the second quarter, the persistence of high interest rates and macroeconomic uncertainties resulted in transaction values falling 50.7% QoQ to S$3.29 billion.

Investment sales in the residential segment came in at S$1.56 billion in Q2, a decline of 9.8% from a quarter ago. Developers have exercised prudence in acquiring land from both the Government Land Sales (GLS) Programme and the private collective sales market. For example, the GLS tender of a 99-year leasehold private housing site on Lentor Gardens attracted a sole bid from a joint venture of GuocoLand and Hong Leong Holdings at S$486.8 million. The unit land rate of S$984.8 per sq ft per plot ratio (psf ppr) was the lowest among the five sites in Lentor Hills Estate for which state tenders have been sequentially awarded since July 2021. In the private market, the reviewed quarter only witnessed a single successful en-bloc deal, which was the S$66.8 million sale of Kew Lodge, a small freehold landed residential site at Kheam Hock Road in District 11, to Aurum Land, a subsidiary of Woh Hup.

In Q2, the commercial segment recorded S$940.7 million in investment sales, a drop of 77.9% from the high base of S$4.25 billion in the previous quarter. There are two block transactions in the reviewed quarter. One is Singapore-incorporated Liberty Insurance's sale of Liberty House at 51 Club Street to Union Property Holding for S$92.2 million. The other one is Lendlease Global Commercial REIT's acquisition of 10% shares in 291 strata lots in Parkway Parade, an integrated office and retail development in Marine Parade based on a S$138.0 million agreed market value. Other investment sales in the commercial segment were all accounted for by sales of strata-titled units and shophouses. With effect from April 27, the Singapore government has raised the Additional Buyer's Stamp Duty (ABSD) again. Notably, foreigners and entities or trustees need to pay a doubling of ABSD rates on their first residential property to 60% and 65%. This diverted HNWIs and family offices' buying interest to strata-titled units and shophouses, and therefore kept buying momentum high for such properties. The largest deal was for Levels 10 and 14 in Solitaire on Cecil, which was sold for a combined S$103.2 million to three entities affiliated to the Thye Hua Kwan (THK) Group of Charities.

The industrial segment bucked the trend for the quarter in review. In contrast to other property types, total investment sales value in this segment increased 14.6% QoQ to S$791.2 million. The most significant transaction was ESR-LOGOS REIT's divestment of a portfolio of five non-core assets, including four warehouses and one general industrial building, for S$313.5 million. The buyer is reported to be a well-known Chinese e-commerce player. Separately, the REIT also divested another industrial property at 22 Chin Bee Drive to Sanli Environmental for S$13.8 million.

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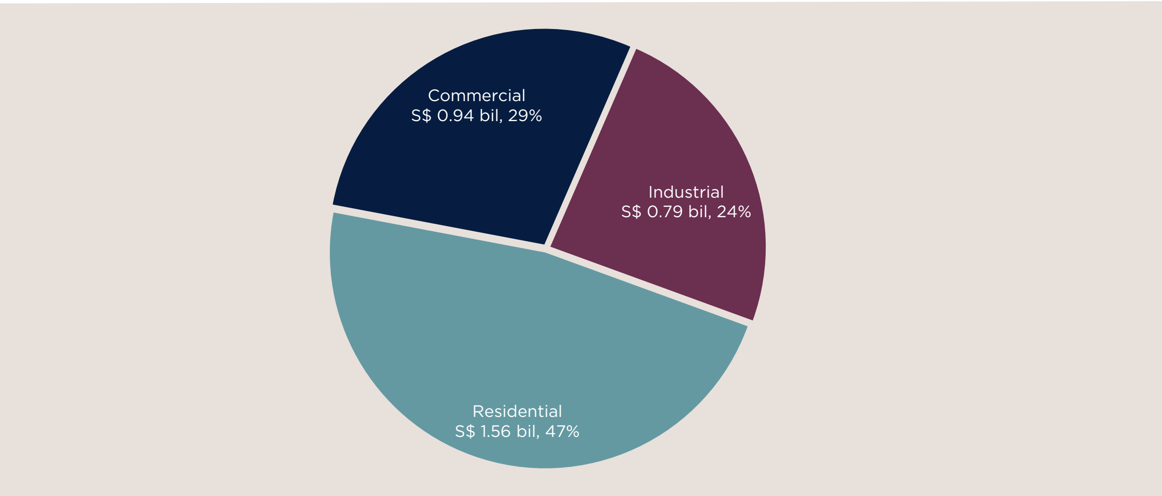
Investment Sales Transaction Volumes by Property Type, Q2/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Government Land	Lenton Gardens	S$486.8 mil/ US$360.1 mil	GuocoLand (Singapore) Pte Ltd and Intrepid Investments Pte Ltd	Residential
A portfolio of 5 assets	3 Pioneer Sector 3, 4 & 6 Clementi Loop, 6 Chin Bee Avenue, 21 Changi North Way, 30 Toh Guan Road	S$313.5 mil/ US$231.9 mil	Intertrust (Singapore) Limited as trustee of 3 Pioneer Sub-trust, 4&6 Clementi Sub-trust, 6 Chin Bee Sub-trust, 21 Changi Sub-trust and 30 Toh Guan Sub-trust	Industrial
The Shugart	26 Ayer Rajah Crescent	S$218.2 mil/ US$161.4 mil	CapitaLand Ascendas REIT	Industrial
291 strata lots in Parkway Parade (10% stake)	80 Marine Parade Road	S$138.0 mil/ US$102.1 mil	Lendlease Global Commercial REIT	Commercial
Government Land	Plot 7 Tampines North Drive 4	S$113.9 mil/ US$84.3 mil	Soon Hock Property Development Pte Ltd	Industrial

Source Savills Research & Consultancy

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High levels of macroeconomic uncertainty remain a feature of the market, as inflation remains elevated and is putting pressure on growth. In May 2023, the Bank of Korea decided to leave the policy rate unchanged at 3.5% for a third consecutive time. This decision was based on slower economic growth, with the central bank slashing its 2023 GDP forecast from February's 1.6% to 1.4%, and sustained inflation readings above the 2% target.

For Seoul prime offices, transaction activity has shown signs of resuming since the latter half of 2022, backed by strong supply-demand fundamentals on the leasing front alongside gradually rebounding investor confidence. Supply is limited until late-2026 and continues to drive robust rental growth. At the same time, the recent pause in rate hikes has relieved liquidity pressures especially on the financing side, offering additional room for potential investors to consider new deals.

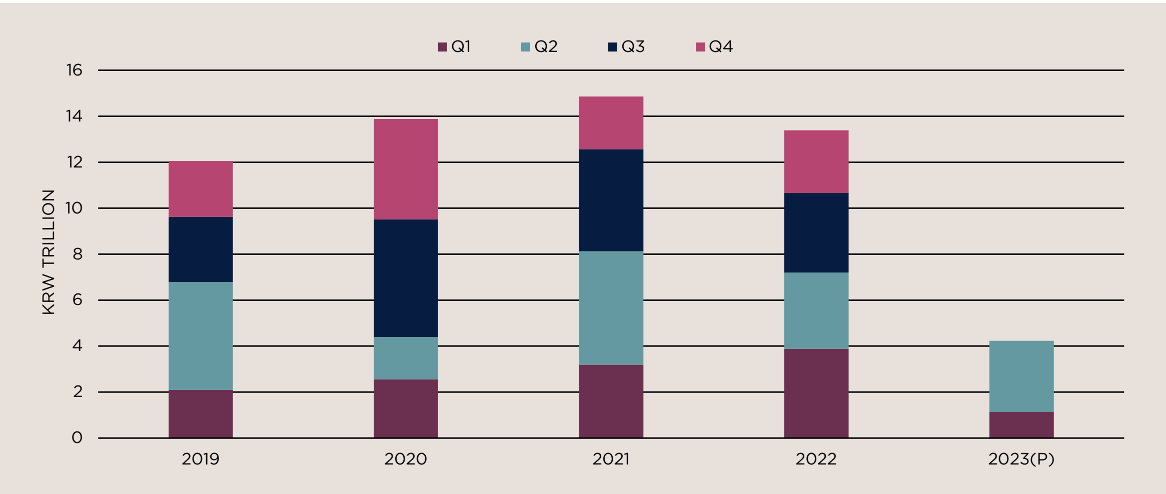
There was a marginal repricing of offices earlier this year, illustrated by the acquisition of Concordian Building by Mastern IMC from DWS AMC for a total consideration of KRW629.2 billion (KRW34.27 million/py). The transaction was finalized in April after a prolonged negotiation period of over seven months. It has been reported that the deal was settled at a per pyeong price which was adjusted by around -7% from the seller's initial asking figure. Regardless, the 60,696 sq m asset is located in the core-CBD close to the central Gwanghwamun area, and fully occupied by high-credit tenants such as Lotte Card and Binggrae. Also, the asset is likely to benefit from numerous ongoing developments in the CBD, especialy near the Seoul Station area.

Two other key transactions witnessed during the quarter were financed by end-users, including the acquisition of GBD's Scale Tower by Hyundai Motor Company and CBD's Donghwa Building by JB Financial Group. Both buyer groups have announced plans to occupy the assets as their new headquarters under the current landlord-oriented market landscape.

The quarterly office transaction volume came in at KRW3.10 trillion, more than double the KRW1.13 trillion recorded in Q1/2023. Going into the 2H/2023, investment activity is expected to pick up significantly, especially with numerous large-scale deals known to be under discussion for offices and hotels.

In the logistics sector, most transactions have been stalled by the risk of oversupply and elevated vacancy due to weakened occupier demand for both dry and cold storage. Despite more assets being made available for sale, including forward purchases, due to challenges from more strict debt covenants and rapidly rising construction and borrowing costs, there is a smaller buyer pool willing to accept the leasing risk. Transactions which were closed or under discussion during the quarter mostly involved well-located, high-quality or fully-occupied at market rental levels.

Transaction Volume by Sector, 2019 to 2023(P)



Source Savills Korea Research & Consultancy

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Scale Tower (50% share)	Seoul, GBD	KRW402.7 bil/ US$308.1 mil	Tiger Alternative Investors (Hyundai Motor Company)	Office
Concordian Building	Seoul, CBD	KRW629.2 bil/ US$481.3 mil	Mastern IMC	Office
Alphadom Tower (Alphadom City Block 6-3)	Seongnam, Pangyo	KRW691.4 bil/ US$528.9 mil	Samsung SRA AMC	Office
Donghwa Building	Seoul, CBD	KRW263.2 bil/ US$201.4 mil	JB Financial Group	Office
CBRE GI West Icheon Distibuition Center	Icheon	KRW144.8 bil/ US$110.8 mil	Mapletree Logistics Trust	Logistics

Source Savills Korea Research & Consultancy

Taiwan

Taiwan's 2023 GDP growth forecast has been adjusted to below 2% as exports face headwinds, with the figure for the first five months of 2023 dropping by 14% compared with last year. The Taiwan Central Bank, following the US Fed, paused its interest rate hikes in June, ending five consecutive quarters of rate increases from the first quarter of 2022. The benchmark interest rate has climbed from 1.125% to 1.875% and pushed the average mortgage rate to 2% at the end of Q2/2023. Meanwhile, the central bank unexpectedly tightened selective credit control measures further by imposing a 70% LTV ratio cap on second-home buyers which suggests that the government will not consider easing housing market controls in the near term.

Total transaction volumes in the commercial property market spiked this quarter increasing by 181% QoQ, up 40% YoY to NT$44.8 billion in Q2/2023 as the liquidation of Shin Kong NO.1 REITs contributed a total of NT$30.7 billion. The portfolio of Shin Kong NO.1 REITs consists of six commercial properties, including offices, retail, and service apartments in core business areas. The largest deal was Shin Kong Jasper Villa TianMu, a high-end service apartment with a retail podium on the lower floors which was sold to a local developer for NT$11.6 billion representing a yield of 2.2%. Investors in the other five properties include a family office, a developer, a REIT, and a foundation with yields of 2.1% to 2.5% for transacted properties in Taipei City and the yield for the department store in Tainan reaching 5%. These deals reflect buyers' continuing confidence in the local market and their search for opportunities to invest in core assets.

Offices were the most popular property type this quarter and reached a total of NT$15 billion, accounting for 33% of quarterly transactions. While office rental growth has stagnated given the economic uncertainty, rising mortgage rates have caused the yield spread to compress further, to a range of between 0.3% and 0.5% in Taipei City. This has caused investors with significant leverage to sit on the sidelines and cash buyers, such as family offices and professional investment institutes, to become active.

There is very little chance that market momentum will improve significantly in the next quarter. As high construction costs are making it difficult for developers or sellers of commercial properties to offer attractive price concessions, the bid-ask spread between purchasers and vendors will take more time to narrow.

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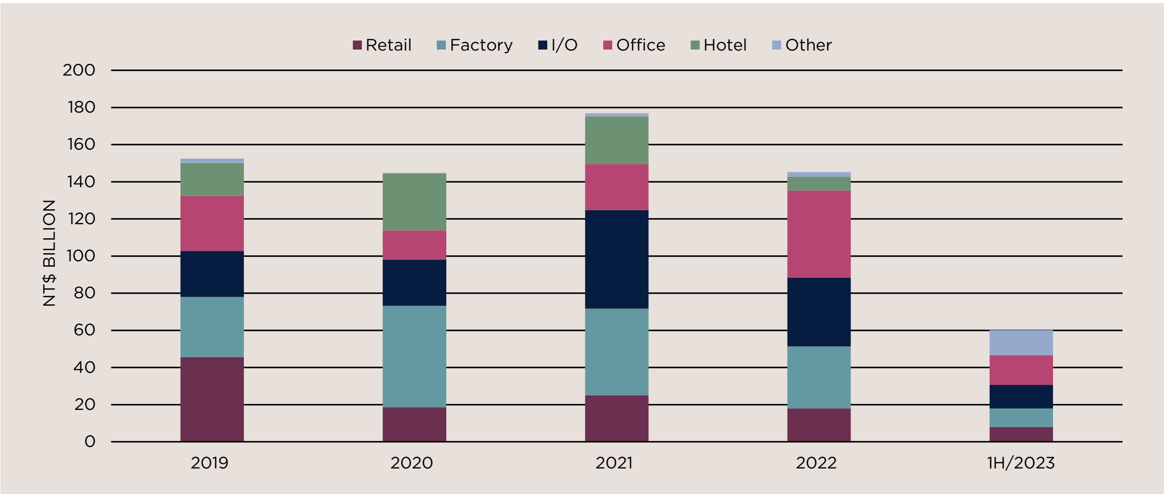
Commercial Property Transaction Volumes by Property Type, 2019 to 1H/2023



Source Savills Research & Consultancy

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Shin Kong Jasper Villa TianMu	Taipei City	NT$11.7 bil/ US$375.0 mil	Local Developer	Serviced apartment and retail
14 floors of Shin Kong Zhongshan Building	Taipei City	NT$7.2 bil/ US$231.3 mil	Local Family Office	Office
Shin Kong Mitsukoshi Tainan Zhongshan	Tainan City	NT$4.4 bil/ US$140.5 mil	Millerful No.1 Real Estate Investment Trust	Retail
8 floors of Shin Kong International Business Building	Taipei City	NT$3.0 bil/ US$95.7 mil	National Credit Card Center of R.O.C	Office
8 floors of Taiwan Securities Financial Building	Taipei City	NT$2.4 bil/ US$78.6 mil	Abico Group	Office

Source Savills Research & Consultancy

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Bangkok's prime retail market is expected to perform well this quarter according to the Customer Confidence Index (CCI) which increased from 52.6% last quarter to 53.8% this quarter. The index has been rising for four consecutive quarters since Q2/2022.

The occupancy rate for prime retail in the Central Retail District (CRD)[1] has risen steadily from Q3/2022, ahead of the rebound in tourism which took place at the beginning of Q1/2023. In further good news, Prime Midtown Retail[2] is managing to keep its occupancy rate at 99% after three consecutive quarters.

The leading retail developer, owner and operator, Siam Piwat, has been particularly active recently. The retailer owns more than 251,000 sq m of prime retail situated in Bangkok's CRD area, accounting for 47% of the total prime CRD stock, including notable malls such as Siam Paragon, Siam Center, and Siam Discovery. Looking forward to opening later this year, Park Silom is a mixed-use building by NYE & Minor Development with 56,000 sq m of grade A office space and a 9,000 sq m luxury retail podium, operated by Siam Piwat. Another upcoming Siam Piwat project is the renovation of Siam Paragon, a major venue which generated record-high revenue in 2022 with over 50% YoY growth. The new project is called "The Next Level Evolution", and is expected to complete in mid-2024 with world-class brands which are also newcomers to the Thai retail market. In the same area, PepsiCo Beverage, Thailand's Pepsi-Cola distributor, has launched its first Boss cafe in Bangkok at Siam Centre, serving a variety of drinks and bakery items, aiming to increase brand recognition. This makes Thailand the second country outside Japan to have a Boss cafe.

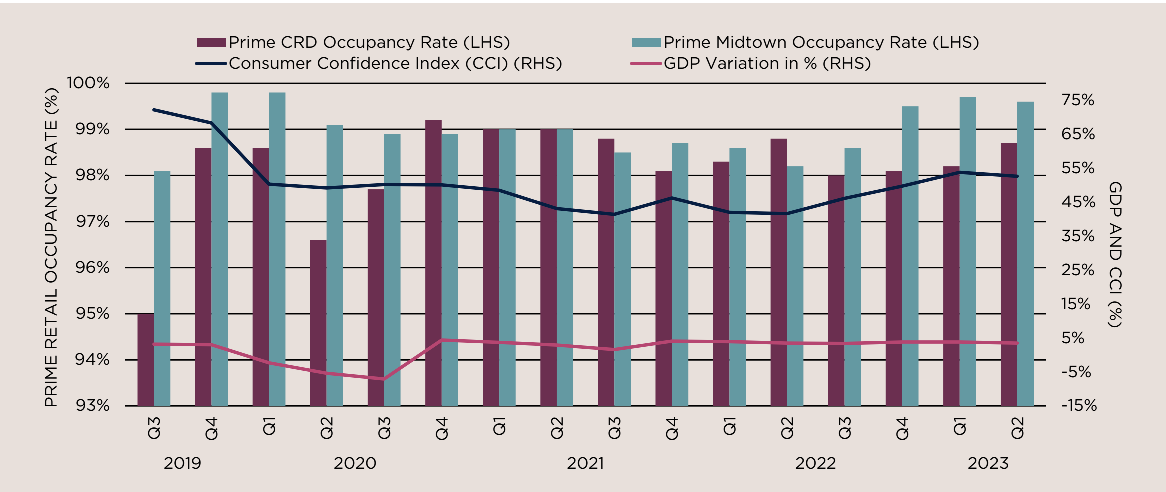
Central Pattana, a leading retail developer and operator, is experiencing a surge in profits as malls rebound post-pandemic. Noteworthy additions to their impressive brand lineup include the highly anticipated opening of Lululemon's first store in Thailand at Central World in Q3/2023, as well as the debut of a new flagship store for Puma. Moreover, the venue is eagerly anticipating the arrival of Nitori, a renowned Japanese furniture and home furnishings brand, which will occupy over 2,600 sq m of retail space on the mall's fifth level. Nitori also has plans to open a second branch at Central Westgate later this year.

Moving to suburban retail projects, nestled within The Forestias is a concept known as "Happitat". This visionary idea comprises three distinct components, including a spacious 4,000 sq m event area, inviting retail spaces featuring dining options, and an augmented reality (AR) world set in lush forest surroundings. It is anticipated to open in the first quarter of 2024.

The retail market in Bangkok is eagerly anticipating the arrival of numerous world-class brands, contributing to a vibrant post-pandemic retail landscape. This evolving scenario is marked by competition among major retailers who are increasingly incorporating augmented reality (AR), technology, and other innovative elements into their retail space.

1 "Central Retail District (CRD)" is the prime arears for business and retail projects including Siam, Samyan, Chidlom, Rajadamri, Ploenchit, Silom-Sathorn, Rama 4, and Sukhumvit.
2 "Prime Midtown Retail" is Bangkok's secondary area including Asok-Petchburi-Rama 9, Thonburi, Ratchadapisek, Phahon Yothin, Pinklao, Other Sukhumvit, Rama 3, Ladprao, Bangkapi, and Chatuchak.

Bangkok Prime Retail Occupancy Rate, Q3/2019 to Q2/2023



Source Savills Thailand, University of the Thai Chamber of Commerce's Consumer Confidence Index, FocusEconomics

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
NUE District R9	Bangkok	THB6.8 bil/ US$190.7 mil	Proud Real Estate	Condominium
NUE Cross Khu Khot Station	Bangkok	THB2.2 bil/ US$61.6 mil	Proud Real Estate	Condominium
Land at TFD Industrial Estate 2	Chachoengsao	THB1.3 bil/ US$36.2 mil	Unimicron Corp (TWN)	Commercial and industrial
Land at Asia Industrial Estate	Samut Prakan	THB1.0 bil/ US$28.7 mil	Compeq Manufacturing Company Limited	Commercial and industrial
111 Praditmanutham	Bangkok	THB730.1 mil/ US$20.5 mil	Ally REIT	Office

Source MSCI Real Capital Analytics

Vietnam

In June 2023, Vietnam's inflation rose 4.74% YoY. Manufacturing and exports softened given consumer sentiment in key markets like the US and Europe. However, Viet Nam's mid-term outlook is positive, especially with its industrial appeal and strong domestic fundamentals. The State Bank of Viet Nam (SBV) lowered regulatory interest rates four times between March and June, with decreases of 0.5% and 2.0% across all regulatory interest rates. This will ease capital costs for borrowers and credit institutions, which will stimulate cash flows and economic growth.

According to the Ministry of Planning and Investment, total FDI (M&A, newly registered, and additional) reached US$13.43 billion in the first half of 2023, down by -4.3% YoY. Although total FDI fell, newly registered projects increased by 71.9% YoY and newly registered capital increased by 31.3% YoY. Manufacturing remains the dominant FDI sector and received 63% of total FDI in the first half totalling US$8.46 billion.

On 4 May 2023, Goertek, one of Apple's manufacturing partners, started building its new 62.7 ha factory in Bac Ninh; the project will receive a total investment of US$305 million. On 22 April, German, Korean and Japanese investors pledged to invest US$3.7 billion in Viet Nam.

Decree 10, effective from 20 May, will be beneficial for hospitality real estate products like condotels and resort villas. The previously ambiguous legal standing of these products has been removed and owners can now access Land Use Rights and House Ownership Certificates (LURCs). This will facilitate liquidity and improve the appeal of these products.

Infrastructure improvements continue. In April 2023, three highways spanning 260 km opened between Ho Chi Minh City and tourist destinations such as Nha Trang and Phan Thiet. Road arrivals to Binh Thuan over the 30/4 holiday doubled YoY.

Circulars 02 and 03 issued by the SBV in late April will enable debt restructuring and debt group maintenance for distressed businesses, which includes corporate bond purchases by credit institutions. These circulars will allow real estate investors to reorganise their finances, generate cash flow and mitigate their liquidity and financial challenges. The Government is working with 600 projects nationwide to solve legal problems related to master planning, land use fees, and land bidding.

Offices experienced slight occupancy and rent falls over the quarter. Decentralisation continues as tenants prioritise affordability and flexibility. Decentralised areas also offer a greater selection of newer products with more diverse amenities.

Some major M&A transactions include:

- Everland Opportunities IX Limited acquired three hotels in Viet Nam and Indonesia from Viet Nam's Strategic Hospitality Holdings Ltd. for US$106 million. The properties comprise Ibis Saigon South Hotel (Viet Nam), Capri by Frasers Hotel (Viet Nam) and Pullman Jakarta Central Park Hotel (Indonesia).
- Keppel Corporation and Keppel Vietnam Fund acquired a 49% stake in two residential projects with 11.8 ha of land from Khang Dien Group for US$136 million.
- THT Development Company transferred a 1.13 ha land plot in Starlake City to CMC Technology Group. The land will be used to build CMC Technology Group's innovation centre, which will receive investment of US$76 million.

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Inflation Rate, March 2022 to June 2023

Source CEIC, General Statistics Office of Vietnam

Major Investment Transactions, Q2/2023

PROPERTY	LOCATION	PRICE	BUYER	USAGE
Land in Thu Duc	Thu Duc City, Ho Chi Minh City	VND3.2 tri/ US$136.0 mil	Keppel Corporation	Residential
Capri by Fraser Ho Chi Minh	District 7, Ho Chi Minh City	VND691.0 bil/ US$29.3 mil	Everland Opportunities IX Limited	Hotel
Ibis Saigon South	District 7, Ho Chi Minh City	VND553.0 bil/ US$23.5 mil	Everland Opportunities IX Limited	Hotel
Land in Starlake Project	Ha Noi City	N/A	CMC Technology Group	Office

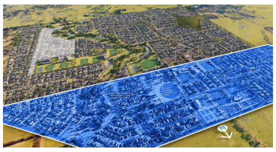
Source MSCI Real Capital Analytics

Australia

▼ 49-61 Stephen Road
Banksmeadow, NSW
AU$143.0M/US$97.1M
in May

1953-2109 Elizabeth Drive ►
Badgerys Creek, NSW
AU$150.0M/US$100.1M
in May

Craigieburn Central ▲
Craigieburn, VIC
AU$300.0M/US$203.7M
in April



◄ 1181 Merriang Road
Donnybrook, VIC
AU$180.0M/US$120.2M
in April

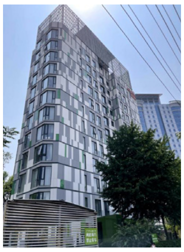
▲ 17-27 Skyring Terrace
Teneriffe, QLD
AU$120.0M/US$80.2M
in May

21-53 Hoddle Street ▼
Collingwood, VIC
AU$277.3M/US$184.8M
in June

▲ Rockingham Shopping Centre (50%)
Rockingham, WA
AU$180.0M/US$120.1M
in April

204 Alice Street▼
Brisbane, QLD
AU$130.0M/US$86.6M
in May

Beijing



◄ DoThink-Suiyu (70% equity)
Chaoyang District
RMB208.0M/US$28.9M
in Q2

Sky Realm Industrial Plaza ►
Daxing District
RMB918.0M/US$127.7M
in Q2

◄ PKUCare Industrial Park
Changping District
RMB686.0M/US$95.3M
in Q2

◄ BBMG Intelligence Center T7
Haidian District
RMB338.0M/US$46.9M
in Q2

Bezit Park-single building ►
Chaoyang District
RMB229.0M/US$31.8M
in Q2

Sino-Ocean We-Life Plaza ►
Chaoyang District
RMB1.96B/US$273.0M
in Q2

Chengdu

◄ Yishang Jinjiang T9
Jinjiang District
RMB320.0M/US$44.4M
in April

Guangzhou/Shenzhen

◀ **West Tower of Centralcon Commercial Center** (1-21/F)
Futian Disrict, Shenzhen
RMB2.3B/US$321.7M
in Q2

CR Land Shennan 1001 (5-16/F) ▶
Luohu District, Shenzhen
RMB717.0M/US$99.0M
in Q2

◀ **Guangbao Yunhui**
Huangpu District, Guangzhou
RMB1.8B/US$252.7M
in Q2

Shanghai

◀ **Bvlgari Residence** (**51% share**)
Jing'an District
RMB612.0M/US$85.2M
in Q2

Baijiahui Zhangjiang ▶
Pudong
RMB910.0M/US$126.7M
in Q2

Juyuan Building ▲
Jing'an District
RMB565.0M/US$78.7M
in Q2

Hongqiao World Center D1 ▶
Qingpu District
RMB510.0M/US$71.0M
in Q2

◀ **I Space**
Pudong
RMB590.0M/US$82.2M
in Q2

Hong Kong SAR

◀ **5 Goldsmith Road**
Jardine's Lookout
HK$750.0M/US$96.2M
in May

Villa Ellenbud ▶
Po Fu Lam
HK$550.0M/US$70.5M
in June

A residential development sites, 3, 5, 9 Finnie Street ▶
Quarry Bay
HK$412.0M/US$52.8M
in June

◀ **High floor units with 5 car parking spaces, NCB Innovation Centre**
Lai Chi Kok
HK$252.0M/US$32.3M
in April

India

▼ Downtown Powai & Candor Techspace
Mumbai
INR11,225Cr/US$1.4B
in Q2

Phoenix Aquila, Tower 2 ▲
Hyderabad
INR1,050Cr/US$127.0M
in Q2

Pragati One & Pragati Fharuknagar ▼
Haryana
INR1,653Cr/US$200.0M
in Q2

Japan

▲ Hulic Ginza 7-Chome
Tokyo
JPY21.9B/US$130.0M
in April

Minebea Mitsumi Tokyo HQ ▼
Tokyo
Est JPY25.0B/US$174.0M
in March

▲ Odakyu Century
Tokyo
Est over JPY57.0B/US$400.0M
in March

Odakyu Dai-ichi Seimei ▼
Tokyo
Est over JPY71.0B/US$500.0M
in March

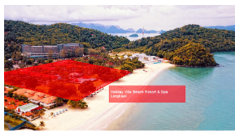
Malaysia

◀ A 500-acre development land
Semenyih, Selangor
MYR392.0M/US$83.9M
in June

◀ A 5.1-acre commercial land
Desa Sri Hartamas, Kuala Lumpur
MYR170.0M/US$36.4M
in May

A 21.47-acre commercial land ▶
Kota Bharu, Kelantan
MYR165.0M/US$35.3M
in April

A 9.25-acre commercial land ▶
Kelana Jaya, Selangor
MYR155.0M/US$33.2M
in June



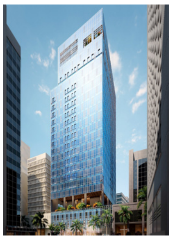
▲ A 4-star beach resort (238 rooms)
Langkawi, Kedah
MYR105.0M/US$22.5M
in June

Singapore

◀ **A portfolio of five assets**
3 Pioneer Sector 3, 4 & 6 Clementi Loop,
6 Chin Bee Avenue, 21 Changi North Way,
30 Toh Guan Road
S$313.5M/US$231.9M
in June

291 strata lots in Parkway Parade (10% stake) ▶
80 Marine Parade Road
S$138.0M/US$102.1M
in June

Solitaire On Cecil (Level 10 & 14) ▶
148 Cecil Street
S$103.2M/US$76.1M
in April



◀ **The Shugart**
26 Ayer Rajah Crescent
S$218.2M/US$161.4M
in May

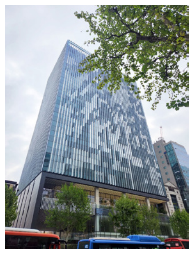
South Korea

▲ **Concordian Building**
CBD
KRW629.2B/US$478.0M
in Q2

Logipolis Logistics Center ▶
Osan-si
KRW330.0B/US$251.0M
in Q2

◀ **Alphadom Tower (Alphadom City Block 6-3)**
Pangyo District
KRW691.3B/US$525.0M
in Q2

Scale Tower (50% share) ▼
GBD
KRW403.2B/US$306.0M
in Q2



Taiwan

14 floors of Shin Kong Zhongshan Building ▶
Taipei City
TWD7.2B/US$231.0M
in May

◀ **Shin Kong Jasper Villa TianMu**
Taipei City
TWD11.6B/US$374.0M
in June

◀ **Shin Kong Mitsukoshi Tainan Zhongshan**
Tainan City
TWD4.3B/US$140.0M
in June

8 floors of Shin Kong International Business Building ▶
Taipei City
TWD2.9B/US$95.0M
in June

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