REITS AROUND ASIA
2H 2008

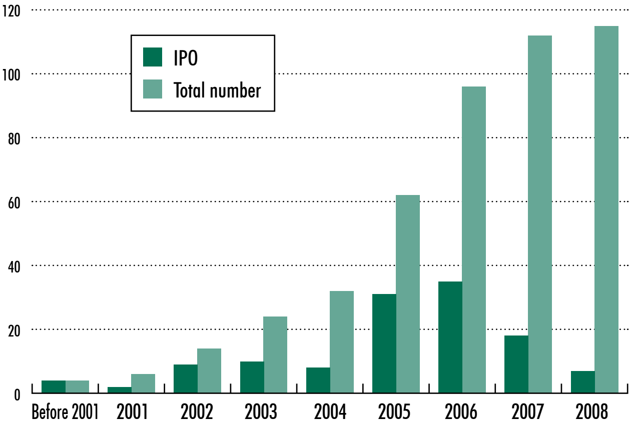
CBRE RESEARCH | ASIA

CBRE
CB RICHARD ELLIS

CONTENTS

MARKET OVERVIEW

NUMBER OF LISTED REITS / PROPERTY FUNDS IN ASIA



Source: CBRE Research

REIT IPOS (2H 2008)

MARKET	NAME OF REIT	LISTING DATE	MARKET CAPITALISATIION (US$ MILLION) AS OF END DEC 08
Thailand	Centara Hotels & Resorts Leasehold Property Fund	13-Oct-08	82.3

Asian REIT markets suffered their deepest ever fall in the second half of 2008 as the global financial tsunami intensified and the availability of credit was further squeezed following the September collapse of Lehman Brothers. Although the onset of a major downward cycle in Asian property markets was observed towards the end of the year, the impact of the weakened market fundamentals on REITs has been less serious as compared to basic investor concerns over whether Asian REITs generally can continue to obtain sufficient financing to ensure their survival during this tumultuous period.

The market capitalisation of Asian REITs shrank by almost a third over the last six months of 2008 to around US$48 billion as prices took a deep dive and new listings dried up. Nearly all REITs around the region recorded a fall in value with just two recording a marginal uptick. Many plunged by over 30% during the review period. The correction in Singapore was among the most severe with S-REIT's posting an average loss of 54% between July and December 2008. Nevertheless, with the exception of Singapore, Asian REIT markets still managed to outperform the broader stock markets. The full year saw seven new REIT listings with only one debut, Thailand's Centara Hotels & Resorts Leasehold Property Fund, taking place in the second half and bringing the total number of REITs in Asia to 115 as of the end of 2008.

Lack of available credit was the single most important issue confronting Asian REITs with some unable to obtain sufficient funds to meet their short-term debt obligations and others narrowly failing to finalise deals transacted before the onset of the market correction. The second half saw the credit crunch claim its first Asian REIT victim, Japan's New City Residence (NCR), which filed for bankruptcy protection on 9 October after failing to overcome refinancing difficulties. NCR's collapse severely battered confidence in the J-REIT investment market and heightened investors' concerns that more bankruptcies would soon follow, especially among small and midcap trusts. The TSE J-REIT Index plunged 12% on the date NCR filed for bankruptcy, its largest ever single-day fall.

REIT acquisition activities around the region slowed further in the second half amid the unrelenting credit crunch. The period saw a number of REITs forced to sell off assets or cancel planned acquisitions. The total value of the top ten transactions conducted

ASIAN LISTED REITS / PROPERTY FUNDS AS OF END DECEMBER 08

MARKET	STOCK MARKET INDEX	STOCK INDEX CHANGE FROM END JUN 2008	NO. OF LISTED REITS	AVG. DIVIDEND YIELD*	10-YR GOV'T BOND YIELD	REIT MARKET CAP (US$ MILLION)
Japan	8,859.56	-34.28%	41	8.46%	1.17%	29,292
Singapore	1,761.56	-40.24%	21	13.39%	2.05%	8,914
Hong Kong	14,387.48	-34.90%	7	10.64%	1.19%	5,987
South Korea	1,124.47	-32.86%	4	7.28%	4.24%	187
Taiwan	4,591.22	-38.98%	8	4.95%	1.37%	1,454
Thailand	449.96	-41.46%	21	10.81%	2.66%	1,364
Malaysia	876.75	-26.11%	13	9.69%	3.17%	1,176

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

Source: CBRE Research, Bloomberg

by Asian REITs in the second half was only 40% of that in the first half, with the Mori Trust Sogo REIT's US$376 million (NOI yield 4.27%) purchase of ON Building the largest transaction recorded during the review period.

In Japan, the second half saw Nippon Residential Investment successfully dispose of a Tokyo residential building but cancel its planned acquisition of Pacific Royal Court Minato Mirai Urban Tower in Yokohama. In Korea, the Macquarie Central Office CR-REIT extended its maturity date to 2010 after it was unable to dispose of its Kukdong Building following the withdrawal of potential buyers from the acquisition of the asset. Meanwhile, Singapore-based Asian Public Real Estate Association is asking for government assistance to help refinance debt for S-REIT's. Elsewhere, the pressure to meet short-term re-financing obligations appeared less urgent. In Hong Kong, REITs were not active in making acquisitions and were therefore not subject to any deadlines for bringing new capital to complete transactions. The Link REIT, which needs to refinance a HK$2.7 billion (US$348 million) debt before August 2009, is the only Hong Kong REIT requiring refinancing within the year.

While REITs were finding it difficult to obtain financing, many found themselves utilised as financing tools by shareholders keen to offload stakes to improve their balance sheets or repay loans. In August, debt-laden Allco Finance Group, which has suspended trading in Australia, sold its 17.7% stake in Singapore-listed Allco Commercial REIT and a 100% stake in the REIT's manager to Frasers Centrepoint Ltd for S$180 million (US$125 million) to repay debt. In November, Malaysian developer YTL acquired a 26% stake in Singapore-listed Macquarie Prime REIT (later renamed Starhill Global REIT) and a 50% stake in the REIT's manager from Macquarie Bank for a total consideration of S$285 million (US$198 million). September saw J-REIT Re-plus Residential Investment (REP) sell a 90% stake in its asset management firm Re-plus REIT Management to US investment fund Oaktree Group after its sponsor Re-plus Inc. Filed for bankruptcy protection.

The second half saw securities policy setters in China and the Philippines reveal plans to launch REIT markets as they looked to support property developers suffering from the credit crunch and slow property sales. Following Premier Wen Jiabao's 4 December comments about the need to widen financing channels in the private sector, the People's Bank of China announced it was studying the launch of REITs in China. Meanwhile, the Philippines REITs bill reached a second reading in the Senate.

Other notable developments during the review period included the South Korean Ministry of Land, Transport and Maritime Affairs unveiling of a number of measures designed to encourage asset management companies to purchase unsold apartment units from financially distressed developers and re-package the assets into Corporate Restructuring (CR) REITs. However, launching new REITs has been extremely challenging amid the weak investment sentiment, as evidenced by the record low number of REIT IPO's in the second half. Therefore, raising funds for property developers via REITs is unlikely to be viable solution in the short-term.

The downward cycle in the Asian property markets is set to last for the remainder of 2009 and it remains difficult to predict whether a recovery will begin in 2010. Rental incomes and the asset valuations of REITs will therefore be significantly affected. However, the correction in REIT pricing, which began in mid- to late- 2007, occurred roughly 6-12 months ahead of the current downward cycle. This in turn has led to an upward spike in distribution yields in the second half with the weighted average historical dividend yield for Asian REITs increasing from 6% to 9.6% during the last six months of 2008 and Singapore REITs yielding an average of 13.4% as a result of the sharp correction in prices. The substantial yield reversions not only reflect the anticipation of lower rental incomes but also more generally the lack of investment confidence around the region.

Looking ahead, Asian REITs holding income-generating properties in prime locations appear to be better placed as many have secured tenancy for the year. REITS are expected to focus on cost saving and income protection by retaining tenants in 2009. Asian REIT acquisition activities are likely to be limited in the coming months as the credit availability issue remains unresolved. However, the market may see more M&A activity involving REITs as some REIT holders cash in their positions to repay debt while property investors take advantage of the current market conditions to hunt for bargain acquisitions.

MAJOR ACQUISITIONS BY ASIAN REITS (2H 2008)

COUNTRY	CITY	SECTOR	PROPERTY	US$ (MILLION) EQUIVALENT	BUYER
Japan	Tokyo	Office	ON Building	376	Mori Trust Sogo REIT
Japan	Tokyo	Office	Akasaka Tameike Tower	350	Mori Hills REIT
Japan	Tokyo	Office	Otemachi Tatemono Aoyama Building	292	Nippon Building Fund
Japan	Tokyo	Office	Shiodome Building	234	Japan Real Estate Investment
Japan	Osaka	Office	Shin Fujita Building	226	Japan Real Estate Investment
Japan	Saitama	Retail	Mitsui Outlet Park Iruma	187	Frontier Real Estate Investment
Japan	Tokyo	Retail	Ito Yokado Higashi Yamato	128	Frontier Real Estate Investment
Japan	Aichi	Office	Orix Nagoya Nishiki Building	118	Orix J-REIT
Japan	Tokyo	Office	Higashi Ueno 4-chome Building	105	Nippon Building Fund
Thailand	Samui	Hotel	Centara Grand Beach Resort Samui	89	Centara Hotel & Resort Leasehold Property Fund

HONG KONG

The weak performance of H-REIT's in the first six months of 2008 persisted during the review period with no new listings taking place in the second half of the year. Despite REITs' defensive nature the H-REIT market was not immune from the financial crisis and consequently mirrored the overall downward movement of the stock market. The capitalisation of H-REITs decreased by 32.7% to around US$6 billion for the six months ending 31 December, while the benchmark Hang Seng Index dropped 35%.

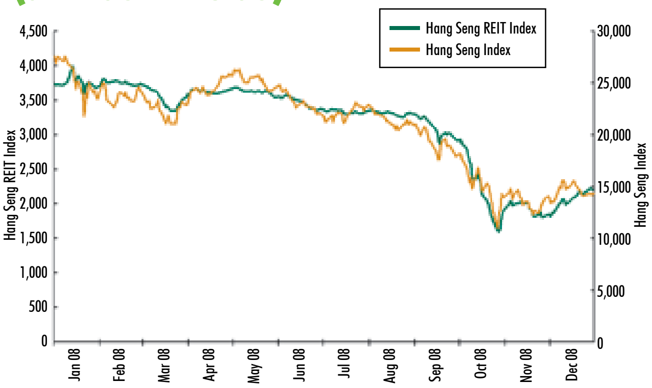
The ongoing low turnover level of the H-REIT market reflected a lack of interest among investors even though the weighted average dividend yield was as high as 10.64% as of the end of 2008, up from 6.67% in mid-2008. With the exception of Link REIT and Champion REIT, the remaining five H-REITs recorded an average daily turnover of less than HK$4 million (US$516,000) during the second half of 2008.

The Link REIT, which owns the most geographically diverse portfolio, outperformed the stock market during the review period dropping 28% against the Hang Seng Index's 35% fall. It was also the only H-REIT to record a yield below 10%. The dividend yield for the Link REIT was 6.19% as of the year end.

Champion REIT fell 42.4% in the second half of the year, the biggest drop recorded among all REITs, to an 18.4% yield level. Although Champion REIT had planned to diversify its portfolio with a move into the retail sector via the acquisition of Langham Place, office space still accounted for around 67% of its portfolio by area. Financial institutions such as Citigroup are among the major tenants of the H-REIT's Grade A building in the Central CBD and such high exposure to the financial sector raised investor concerns over the H-REIT's rental income and occupancy and exerted significant downward pressure on Champion's price.

Investors also shifted their concerns to re-financing risks amid the current tight credit environment, especially after Japan's New City Residence REIT declared bankruptcy in October. The Link REIT, which had a debt of HK$2.7 billion (US$348 million) for refinancing before August 2009, was the only H-REIT that needed to refinance in short term. However, as of 30 September 2008, Link was reported to have net cash of HK$1.3 billion (US$168 million) with a gearing ratio of only 23.2%, making it unlikely that it would run into any difficulties. Other H-REITs have debt on their books that will mature only from 2010 onwards, while their gearing ratios are also low, ranging from 23.2% for Link REIT to 36% for GZI REIT. It does not appear likely therefore that H-REITs will be troubled by re-financing issues.

H-REIT PRICE MOVEMENT (JAN 08 – DEC 08)



H-REITs continued to be inactive in acquiring new properties during the review period. Only one minor deal was recorded by GZI REIT in the second half of 2008. In July, GZI REIT successfully won the bid for an office unit of Fortune Plaza in Guangzhou through its joint venture Guangzhou Jieyacheng for RMB 15.5 million (US$2.3 million), bringing GZI REIT's ownership of Fortune Plaza by GFA up from 50.2% to 51.4%.

Although quiet on the acquisition front, a number of H-REITs continued to implement asset enhancement schemes in order to improve the competitiveness of properties in their portfolio. The Link REIT renovated its shopping malls in public housing estates while Prosperity REIT completed the enhancement of the Trendy Centre and will finish refurbishing the Modern Warehouse in the first quarter of 2009. GZI REIT was focusing on the renovation of the White Horse Building Units, a fashion wholesale and retail centre near Guangzhou railway station.

The H-REIT market is expected to struggle in 2009 as market sentiment continues to soften, even though the distribution income of most H-REITs is unlikely to fall significantly as a significant portion of tenancy has been secured. Under the current stagnant H-REIT market and the weak demand for IPOs, launching new H-REITs will continue to be challenging. As the real estate investment market remains weak in the shadow of the contracting economy and volatile equity market, acquisitions by H-REITs appear equally unlikely. Tenant retention and rental income protection will be the main priority for H-REITs going forward.

REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (HK$)	CLOSING PRICE 31 DEC 08 (HK$)	% CHANGE SINCE JUN 08	52-WEEK HIGH (HK$)	52-WEEK LOW (HK$)	DISTRIBUTION YIELD (DEC 08)
The Link REIT	25-Nov-05	10.300	12.800	-27.93%	20.20	10.96	6.19%
Prosperity REIT	16-Dec-05	2.160	0.900	-40.00%	1.74	0.58	15.00%
GZI REIT	21-Dec-05	3.075	1.790	-36.52%	3.30	1.16	13.35%
Champion REIT	24-May-06	5.100	2.080	-42.38%	4.93	1.31	18.37%
Sunlight REIT	21-Dec-06	2.600	1.400	-27.08%	2.51	0.91	17.29%
Regal REIT	30-Mar-07	2.680	0.970	-39.75%	2.37	0.66	18.45%
RREEF CCT REIT	22-Jun-07	5.150	2.640	-29.60%	4.06	1.51	13.86%

JAPAN

Japanese REITs took their steepest ever dive in the second half of 2008 as the Tokyo Stock Exchange (TSE) J-REIT Index plummeted 35.5% in the second half of the year to end at 900.36 in December 2008, 65.5% down on its May 2007 peak. The appreciation in the index during 2003 and 2007 fully evaporated in 2008 as the index level closed some 10% lower than the base set at 1,000 on 31 March 2003. Total market capitalisation dropped 34.1% over the six-month period to JPY 2.66 trillion (US$29.3 billion) as of the end of December 2008.

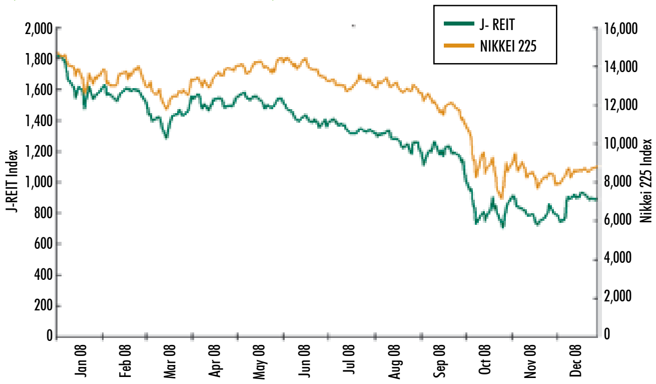
New City Residence (NCR) became Japan's first J-REIT to file for bankruptcy protection on 9 October after failing to overcome refinancing difficulties, eventually delisting on 10 November. The TSE J-REIT index plunged 12% on the date NCR filed for bankruptcy, registering its largest single-date loss. NCR had to dispose of its existing assets in order to pay for short-tem debt maturing at the end of September and was unable to raise necessary funds to pay for its planned acquisition of the JPY 27.7 billion (US$306 million) My Atelier Ikebukuro Tokyo Precious Tower (404 units, 32-storey) residential block in Toshima-ku in October.

The collapse of NCR further hit confidence in J-REIT investment, especially for small and midcap J-REITs. About half of J-REITs dropped by more than 30% in the second half of 2008 to a yield level over 10%. Thirteen J-REIT's ended the year with yields over 20% while the weighted average dividend yield for the 41 listed J-REITs ended 2008 at 8.46%. The yield spread over the benchmark 10-year Japanese Government Bond (JGB) increased from 391 bps in June 2008 to 730 bps in December as the 10-year JGB yield that stood at 1.6% in June 2008 declined 40 bps to 1.2% in December.

The decline of J-REIT prices can be attributed to a number of factors including the ongoing global credit crunch, the gloomy corporate outlook and the loss of investor confidence in real estate stocks since the onset of the US subprime crisis. The failure of NCR cast a further cloud over the sector with its collapse forcing the Japanese government to examine ways in which to support the J-REIT market. Should the government implement some of the steps currently under discussion then some stability may return to the sector. In the meantime, large-scale J-REITs with big name sponsors are likely to remain preferred by investors on account of them being well positioned to raise funds and refinance debt.

The credit crunch forced many struggling J-REITs to sell off assets or cancel planned purchases in order to cut debts and remain financially intact. In one such move, Nippon Residential Investment (NRI) canceled its planned acquisition of Pacific Royal Court Minato Mirai Urban Tower in Yokohama City, Kanagawa. NRI was planning to purchase the 29-storey residential tower for circa JPY 11.7 billion (US$129 million) from its sponsor in November but the cancellation of the acquisition required it to pay a JPY 2.3 billion (US$25.4 million) penalty. NRI also sold a residential building in Chuo-ku, Park Habio Kyobashi (built in 2004, 36,000 sf NLA), for JPY 2.6 billion (US$28.7 million) during the review period. In October, Japan Prime Realty (JPR) sold an office building in Sapporo City, Hokkaido, NORTH 33 Building (built in 1992, 71,040 sf NLA), for JPY 3.5 billion (US$38.6 million).

J-REIT PRICE MOVEMENT (JAN 08 – DEC 08)



Despite the tough market conditions, the second half of 2008 witnessed a number of significant transactions. These included the acquisition of Otemachi Tatemono Aoyama Building (subsequently renamed the NBF Minami Aoyama Building) in Minato-ku, Tokyo by Nippon Building Fund (NBF). NBF purchased the 1995 building from an SPC of The Goldman Sachs Group, Sumitomo Mitsui Banking Corp. and Daiwa Securities SMBC Principal Investments for JPY 31 billion (US$342 million) at an estimated NOI yield of 3.1%. The building provides a GFA of 201,500 sf over 11 storeys above ground and 2 storeys below.

In October Nomura Office Fund (NOF) acquired PMO Nihombashi Honcho Building in Chuo-ku, Tokyo and Nomura Real Estate Sapporo Building in Sapporo City from its sponsor, Nomura Real Estate, for a total consideration of JPY 10.3 billion (US$113 million) at an estimated NOI yield of 4.5% and 5.8% respectively. The same month also saw Japan Excellent, Inc. (JEX) acquire an additional stake in Kawasaki Nisshincho Building in Kawasaki City, Kanagawa. JEX acquired an additional 3% stake for JPY 300 million (US$3.3 million), bringing its total stake in the building to 63%. The estimated NOI yield for the newly acquired 5,060 sf NLA is about 5.7%.

In the retail sector, October saw Frontier Real Estate Investment (FRI) acquire UT STORE HARAJUKU in Shibuya-ku for JPY 3.1 billion (US$34 million) at an estimated NOI cap rate of 4.6% from an SPC believed to be Morgan Stanley Group. The building, built in 1998, is located a 1 minute walk from Subway Jingumae Station and provides 13,000 sf NLA over 5 storeys. In December, FRI also acquired Ito Yokado Higashi Yamato in Tokyo's Higashi Yamato City for JPY 11.6 billion (US$128 million) at an estimated NOI yield of 6.6%. Completed in 2003, the 5-storey suburban shopping centre provides a total floor area of 570,500 sf and parking space for 1,280 cars.

In the hotel sector, December saw Hankyu REIT (HRI) acquire Hotel Gracery Tamachi in Minato-ku for JPY 4.2 billion (US$46 million) at an estimated NOI yield of 5.0%. Completed in September 2008, the 11-storey high, 216-unit hotel was developed as part of the Shibaura RENASITE project, and is situated a 5 minute walk from JR Tamachi Station.

REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (JPY)	CLOSING PRICE 31 DEC 08 (JPY)	% CHANGE SINCE JUN 08	52-WEEK HIGH (JPY)	52-WEEK LOW (JPY)	DISTRIBUTION YIELD (DEC 08)
Nippon Building Fund	10-Sep-01	625,000	978,000	-21.76%	1,570,000	662,000	4.52%*
Japan Real Estate Investment	10-Sep-01	525,000	796,000	-28.93%	1,430,000	528,000	6.07%
Japan Retail Fund Investment	12-Mar-02	470,000	385,000	-37.09%	793,000	251,000	8.21%
ORIX JREIT	12-Jun-02	520,000	422,000	-34.57%	730,000	327,000	7.44%
Japan Prime Realty Investment	14-Jun-02	200,000	210,200	-33.06%	458,000	130,300	6.72%*
Premier Investment Company	10-Sep-02	480,000	281,100	-42.16%	679,000	151,500	16.11%
TOKYU REIT	10-Sep-03	505,000	552,000	-36.04%	1,060,000	394,000	5.78%
Global One Real Estate Investment	25-Sep-03	495,000	747,000	-37.75%	1,360,000	586,000	10.75%
Nomura Real Estate Office Fund	4-Dec-03	505,000	578,000	-27.66%	1,080,000	407,000	5.91%
United Urban Investment	22-Dec-03	484,000	351,000	-26.57%	755,000	251,100	10.12%*
Mori Trust Sogo REIT	13-Feb-04	753,000	742,000	-25.80%	1,180,000	620,000	5.12%
Nippon Residential Investment	2-Mar-04	509,000	83,000	-73.98%	500,000	39,050	20.82%*
TGR Investment	17-May-04	400,000	89,000	-51.89%	306,000	58,800	23.82%*
Frontier Real Estate Investment	9-Aug-04	550,000	495,000	-35.55%	905,000	428,000	7.24%*
CRESCENDO Investment	8-Mar-05	500,000	100,300	-60.51%	419,000	76,000	20.98%*
Japan Logistics Fund	9-May-05	650,000	541,000	-21.59%	793,000	478,000	5.36%
Fukuoka REIT	21-Jun-05	880,000	361,000	-35.30%	775,000	280,000	10.21%
Prospect Residential Investment	12-Jul-05	480,000	59,200	-77.05%	382,000	38,900	30.88%
Japan Single-residence REIT	13-Jul-05	530,000	64,000	-73.33%	368,000	35,000	30.16%
Kenedix Realty Investment	21-Jul-05	580,000	247,700	-60.68%	756,000	100,300	13.05%
Joint Reit Investment	28-Jul-05	530,000	125,200	-52.40%	369,000	65,000	20.41%
eASSET Investment	7-Sep-05	500,000	79,400	-57.31%	394,000	52,000	30.11%
FC Residential Investment	12-Oct-05	475,000	136,400	-64.57%	463,000	121,500	37.28%
DA Office Investment	19-Oct-05	515,000	192,200	-55.71%	725,000	107,600	23.80%*
Hankyu REIT	26-Oct-05	620,000	419,000	-28.86%	765,000	343,000	7.16%*
Advance Residence Investment	22-Nov-05	480,000	280,000	-22.65%	453,000	175,000	9.89%*
Starts Proceed Investment	30-Nov-05	200,000	62,000	-35.88%	157,000	32,600	16.83%
LCP Investment	23-May-06	460,000	55,000	-73.43%	399,000	37,600	48.34%
Japan Hotel and Resort, Inc.	15-Feb-06	520,000	117,900	-60.57%	414,000	84,200	18.68%*
Top REIT, Inc.	1-Mar-06	550,000	323,000	-18.43%	525,000	206,000	7.66%
Creed Office Investment	15-Mar-06	500,000	93,000	-50.53%	473,000	50,100	24.56%
BLife Investment	22-Mar-06	500,000	172,000	-43.79%	490,000	88,000	14.86%*
Nippon Hotel Fund Investment	14-Jun-06	480,000	193,500	-40.09%	465,000	81,000	13.21%
re-plus residential investment	22-Jun-06	450,000	75,100	-58.96%	380,000	53,200	27.12%
Japan Excellent, Inc.	27-Jun-06	520,000	385,000	-25.53%	890,000	243,000	9.54%
Nippon Accommodations Fund	4-Aug-06	580,000	383,000	-21.03%	634,000	352,000	7.53%
MID REIT	29-Aug-06	510,000	171,300	-50.49%	515,000	80,500	17.13%*
Nippon Commercial Investment	26-Sep-06	470,000	94,500	-68.50%	489,000	48,200	31.35%
Mori Hills REIT Investment	30-Nov-06	750,000	299,700	-40.89%	775,000	221,500	9.45%
Nomura Real Estate Residential Fund	14-Feb-07	630,000	314,000	-31.44%	651,000	280,000	8.30%*
Industrial & Infrastructure Fund	18-Oct-07	480,000	280,900	-15.39%	479,000	220,000	8.55%*

* Includes forecast dividends

SINGAPORE

The ripple effects from the credit crunch and falling stock and asset prices exerted a profound impact on the S-REIT market in the second half of 2008 as REIT IPOs and fund raising activity diminished. There were no new S-REIT listings in the second half of the year. At the end of 2008 there were 21 listed S-REITs with a total market capitalisation of S$12.8 billion (US$8.9 billion).

The S-REIT market enjoyed exceptional performance and growth between 2003 and 2007 fuelled primarily by a surge in rental growth and a robust capital market. However, 2008 saw liquidity freeze up as wealth evaporated and the cost of capital soared. Prices of S-REITs fell by 54% on average in the second half of 2008 and almost all dropped below their offer prices at listing.

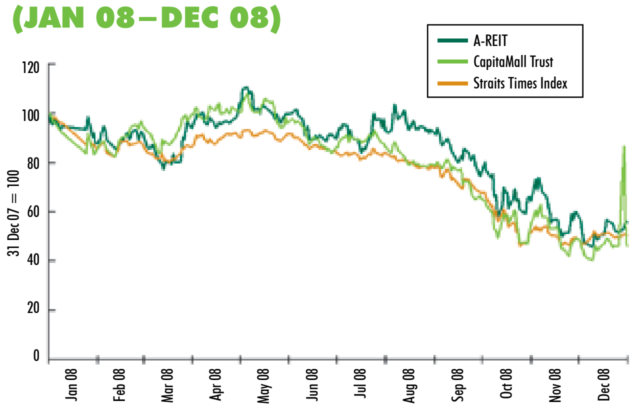
Because of the credit shortage issue REITs largely stopped acquisition activities, with only a few transactions reported during the second half. Cambridge Industrial Trust (CIT) acquired 29 Tai Seng Avenue for S$55.2 million (US$38 million) and First REIT acquired a healthcare logistics and distribution centre at Tuas View Lane for S$42.0 million (US$29 million). Meanwhile, Parkway Life REIT expanded its healthcare property assets by acquiring seven nursing homes in Japan for JPY 4.85 billion (US53.5 million).

Notable developments in the review period included the Securities Industry Council (SIC) announcement that amendments will be made to the Singapore Code on Takeovers and Mergers and the Securities and Futures Act (SFA). The changes will establish a proper framework for takeovers and mergers involving S-REITs following the issuance of the Practice Statement 2007 that extended the ambit of the Takeover Code to REITs. According to the SIC Practice Statement issued on 3 October, parties engaged in a takeover or merger involving an S-REIT are expected to comply with the current Takeover Code involving companies via a trust scheme. The amendments have not yet come into effect and the proposed amendments to the legislation have not been made publicly available. Until the relevant amendments are made, parties may consult the SIC about the application of the Code to a proposed transaction involving an S-REIT. The amended code further refined regulations covering M&A activity involving S-REITs which has been increasingly popular since 2008 as the traditional growth strategy through the acquisition of assets has become more difficult in the current economic climate.

In August, Frasers Centrepoint Ltd announced its acquisition of a 17.7% stake in Allco Commercial REIT and a 100% stake in the REIT's manager, Allco (Singapore) Ltd from Allco Finance Group for a total of S$180.0 million (US$125 million), pursuant to a limited auction by the seller. Australia-based Allco Finance Group went into receivership in November 2008 after failing to restructure its debts with banks. Frasers Centrepoint Ltd obtained the naming rights upon completion of the transaction with Allco Commercial REIT being renamed as Frasers Commercial Trust (FCOT). As of 30 September 2008, Allco Commercial Trust's portfolio consisted of nine office buildings under management located in Singapore, Australia and Japan worth a total of S$1.80 billion (US$1.25 billion).

In November, Malaysian developer YTL announced its acquisition of a 26% stake in Macquarie Prime REIT (MP REIT) and a 50% stake in the S-REIT's manager, Prime REIT Management Holdings

S-REIT PRICE MOVEMENT (JAN 08–DEC 08)



from Macquarie Bank for a total consideration of S$285 million (US$198 million). The acquisition involved 247.1 million units at 82 cents each by cash for MP REIT, which represented a premium of 52% over the REIT's last traded price but a 49% discount to its NAV per unit. This reflected the difficulty in setting the valuation of REITs in M&A deals as most are trading at a deep discount to NAV.

YTL will also get the naming rights upon completion of the transaction, with MP REIT and the its manager set to be renamed Starhill Global REIT and YTL Pacific Star REIT Management Ltd respectively. The sale of Macquarie Bank's stake in the trust was part of a strategic review undertaken in February 2008 to enhance value for the S-REIT's unitholders, as units in MP REIT have been trading at a steep 30% discount to its NAV since the second half of 2007.

MP REIT already has stakes in two of the most prominent commercial properties on Orchard Road, namely Ngee Ann City and Wisma Atria, and also owns seven properties in Tokyo along with the the Spring Zongbei Department Store in Chengdu, China. As of the end September 2008, the total asset value under MP REIT management amounted to S$2.20 billion (US$1.53 billion).

Although the current downturn in the capital market is expected to be prolonged, M&A activity may act as an alternative investment strategy for REIT managers to strengthen their portfolio by acquiring other listed REITs and their management companies. Such activity could take the place of direct real estate acquisition which is more difficult as the slump in S-REIT prices has led to the uptick of distribution yields, making it harder for them to make yield-accretive acquisitions. Going forward, S-REITs are likely to temporarily cease purchasing new assets and instead focus on their existing portfolios to sustain revenue growth.

REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (S$)	CLOSING PRICE 31 DEC 08 (S$)	% CHANGE SINCE JUN 08	52-WEEK HIGH (S$)	52-WEEK LOW (S$)	DISTRIBUTION YIELD (DEC 08)
CapitaMall Trust	17-Jul-02	0.96	1.590	-46.82%	3.750	1.380	8.2%
Ascendas REIT	19-Nov-02	0.88	1.370	-38.01%	2.720	1.090	11.1%
Fortune REIT	12-Aug-03	4.75	HK$1.990	-56.17%	HK $5.65	HK $1.58	18.0%
CapitaCommercial Trust	11-May-04	1.00	0.895	-53.14%	2.430	0.595	10.8%
Suntec REIT	9-Dec-04	1.00	0.710	-47.79%	1.720	0.570	13.7%
Mapletree Logistics Trust	28-Jul-05	0.68	0.350	-58.82%	1.090	0.305	21.7%
Macquarie MEAG Prime REIT	20-Sep-05	0.98	0.520	-49.51%	1.300	0.445	13.5%
Frasers Commercial REIT	30-Mar-06	1.00	0.235	-69.08%	0.915	0.200	32.8%
Ascott Residence Trust	31-Mar-06	0.68	0.580	-45.79%	1.460	0.400	14.8%
K-REIT Asia	28-Apr-06	1.04	0.700	-49.64%	2.0525	0.560	18.0%
Frasers Centrepoint Trust	5-Jul-06	1.03	0.630	-47.06%	1.460	0.450	11.6%
CDL Hospitality Trust	19-Jul-06	0.83	0.730	-58.52%	2.560	0.575	14.4%
Cambridge Industrial Trust	25-Jul-06	0.68	0.275	-58.96%	0.730	0.175	21.5%
CapitaRetail China Trust	8-Dec-06	1.13	0.600	-51.61%	2.130	0.405	11.3%
First Real Estate Investment Trust	11-Dec-06	0.71	0.405	-43.75%	0.780	0.370	18.3%
Macarthurcook Industrial REIT	19-Apr-07	1.20	0.255	-71.67%	1.200	0.225	34.5%
Ascendas India Trust	1-Aug-07	1.18	0.455	-49.72%	1.320	0.375	14.5%
Parkway Life REIT	23-Aug-07	1.28	0.760	-32.74%	1.260	0.645	9.6%
Saizen REIT	9-Nov-07	1.00	0.130	-81.43%	0.895	0.105	36.2%
Lippo-Mapletree Indonesia RetailTrust	19-Nov-07	0.80	0.310	-43.12%	0.720	0.175	17.1%
Indiabulls Properties Investment Trust	11-Jun-08	1.00	0.260	-70.79%	1.000	0.100	19.7%*

* Dividend yield based on company's forecast distribution per unit

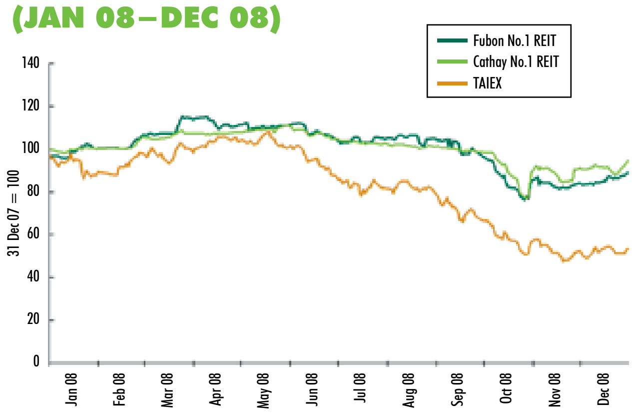
TAIWAN

No new T-REITs were launched in the second half of 2008 as fund raising activities largely halted amid the global financial crisis. The sharp fall in T-REIT prices resulted in a 17.4% contraction in total market capitalisation within six months, which fell to NT$47.7 billion (US$1.15 billion) by the end of 2008. The average price of T-REITs recorded a 21.1% decline in the second half of the year, outperforming the TAIEX which plunged nearly 39% over the same period. Regardless of the stable rental income received by the majority of properties, all T-REITs were traded at a discount ranging from 14% to 53% to their NAVs as a result of the weak investment sentiment.

Investors appeared to have higher confidence in T-REITs affiliated with local financial holding companies. Cathay No.1 and Fubon No.1 experienced less contraction in prices during the second half of the year. Meanwhile, Kee Tai Star recorded the steepest price falls during the review period, plunging by 38.8%. A series of delayed payments from its tenant, City Lake Hotel, was believed to be the major factor behind the deep correction. Beginning July 2008 City Lake Hotel had failed to pay rent which accounted for some 53% of Kee Tai Star's rental income. Kee Tai Star and City Lake later reached an agreement to lower the monthly rent by 26% to NT$4 million (US$122,000) for the period from December 2008 to May 2010, with the rent reverting to its original level in June 2010. However, the new rental reduction will adversely affect the amount of distributable income of Kee Tai Star over the next 1.5 years.

Poor overall market sentiment impacted on Taiwan's retail and hotel sectors and in turn affected the appraised asset values of T-REITs that include retail and hotel properties in their portfolios. Shin Kong No.1 and Cathay No.1 saw the asset values of some of their invested properties revised downward in the second half of the year. The decline in revenue was among a number of reasons leading to capital value falls. For example, the Cathay No.1 REIT's Sheraton Hotel saw its average occupancy rate for July to November 2008 fall to 76.8% from 79.5%. The hotel suffered a 2.14% y-o-y decline in total revenue during the same period. That said, as the Sheraton Hotel is subject to a minimum annual rental fee of NT$570 million (US$17.4 million), the recent decline in revenue will have only a marginal impact on dividends distributed to shareholders. Compared with the retail and hotel sectors, the office market in Taipei has so far been less affected by the economic downturn. While many T-REITs have been criticised for not having sufficiently diversified portfolios and focusing too heavily on investing in office buildings, the stable office market in the city is now proving to be a relatively safe sector to invest in.

T-REIT PRICE MOVEMENT (JAN 08 – DEC 08)



On 6 January 2009 the Taiwanese legislature passed an amendment to the Real Estate Securitization Act allowing T-REITs to invest in development projects and lifting the prohibition against post-listing share offerings. Over the next four years the government will invest in 12 major infrastructure projects and is aiming to attract private investment worth NT$632.7 billion (US$19.3 billion) to public private partnerships. The new amendment is designed to attract private funds and establish a mechanism for PRC capital to indirectly enter the Taiwanese real estate market. The post-listing equity offering is also likely to boost sluggish acquisition activities in the REIT market as it will present T-REITs with a new channel for fund raising.

T-REIT yield levels were pushed up by the decline in prices over the second half of 2008. The weighted average dividend yield for T-REITs ended the second half of 2008 at 4.95%, up from 4.12% at the end of June 2008. The yield spread of T-REITs over the 10-year government bond yield increased to 357 bps from the 143 bps registered in June 2008. In contrast with the 1-year deposit rate which recently fell to 0.92%, the average yield of 4.95% recorded in the fourth quarter served to raise the appeal of T-REIT as defensive investment tools amid the prevailing economic uncertainty.

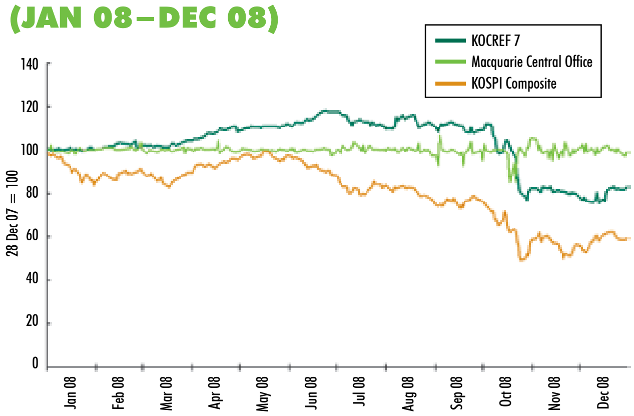
REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (NT$)	CLOSING PRICE 31 DEC 08 (NT$)	% CHANGE SINCE JUN 08	52-WEEK HIGH (NT$)	52-WEEK LOW (NT$)	DISTRIBUTION YIELD (DEC 08)
Fubon No. 1 REIT	10-Mar-05	10.00	9.70	-14.91%	12.70	7.81	4.73%
Cathay No.1 REIT	3-Oct-05	10.00	9.46	-9.82%	11.20	7.60	4.61%
Shin Kong No.1 REIT	26-Dec-05	10.00	8.36	-17.64%	10.72	6.19	4.71%
Fubon No. 2 REIT	13-Apr-06	10.00	8.69	-17.71%	11.95	6.85	4.68%
Trident REIT	26-Jun-06	10.00	5.58	-27.53%	8.18	4.70	6.20%
Kee Tai Star REIT	14-Aug-06	10.00	5.15	-38.84%	8.78	4.20	7.94%
Cathay No.2 REIT	13-Oct-06	10.00	8.84	-21.77%	11.74	6.99	4.71%
Gallop No.1 REIT	15-May-07	10.00	7.70	-20.29%	9.66	5.85	6.31%

SOUTH KOREA

Growing worries over the future performance of the Korean property market sank prices of K-REITs to new lows during the second half of 2008, battering their image as good defensive plays after they outperformed in the first half of 2008 on the back of healthy Grade A office performance. KOCREF 7, KOCREF 8, and the Macquarie Central Office CR-REIT plunged over 25% during the period compared to a rise of over 18% during the first half of 2008. The Korea Composite Stock Index dropped 32.9% over the same period. Only KR2 REIT, a specialist development K-REIT, recorded a rise, edging up 1%, but the stock rarely trades. In addition, KOCREF 3 and URES MERITZ 1 CR-REIT delisted from the stock market upon their maturity dates. As a result of the delistings and widespread price correction, the total market capitalisation of K-REITs listed on the stock market slumped to KRW 236 billion (US$187 million) as of the end of 2008 from KRW 429 billion (US$410 million) six months ago.

K-REIT PRICE MOVEMENT (JAN 08 – DEC 08)



The price of the Macquarie Central Office CR-REIT fluctuated wildly in 2008 as the market was unclear about its single asset disposition plan which should have been completed before maturity. Amid robust demand for office space in the first half of 2008, the K-REIT was expected to dispose of its 810,000 sf GFA Grade A Kukdong office building for a favourable sum, which lead to an 88% surge in the K-REITs price. However, the price of the K-REIT dropped sharply in the second half following the decision by the KORAMCO and STX consortium to withdraw from their planned acquisition of the Kukdong Building due to the expected downturn in the office market and the gloomy economic outlook. A new bidder, GE Real Estate and the National Pension Service, subsequently announced plans to launch the GE NPS REIT with the intention of acquiring the Kukdong Building. However, it was also compelled to abandon the plan amid the sluggish fund raising environment. The Macquarie Central Office CR-REIT was later forced to extend its maturity date to 2010.

The continuing credit squeeze and the bleak real estate market sentiment impeded fund raising for new K-REITs in the second half of 2008. The Dasan self-managed K-REIT, which was launched with KRW 1 billion in the first half of 2008, conducted its first public and private offerings for a total amount of KRW 13.5 billion (US$10.7 million) in September 2008 in a bid to meet the KRW 10 billion capital mandatory threshold within six months of its launch date stipulated by the REIT Act. However, the K-REIT was forced to defer its offerings after it was unable to attract investors shaken by the financial turmoil and lacklustre real estate market, leaving a big question mark over its future. The solitary new K-REIT during the review period was the country's first specialist development and self-managed K-REIT, the Goldennarae REIT, which was launched with KRW 1 billion of internal funding from Goldennarae in October 2008. The Goldennarae REIT aims to develop an 18-hole golf course with associated facilities in Incheon province by 2011, as well as a business hotel.

During the review period the Ministry of Land, Transport and Maritime Affairs revealed it was considering new measures to encourage AMCs to purchase unsold apartment units from financially distressed home builders and package the assets into CR-REITs. The proposed measures include a reduction of the acquisition and ownership taxes for CR-REITs investing in unsold apartments. The government will also guarantee to buy back unsold apartments through the Korea Housing Corporation if the apartments either do not make a profit or have not been sold when CR-REITs dispose of assets upon the maturity day set three years after launch. However, the repurchase price would be capped at 70% of the original price. The unsold apartment builders have to invest at least 30% of the CR-REITs under the proposal. Meanwhile, the CR-REITs would be able to lease out the unsold apartments to earn rental income. Nevertheless, amid the substantial over-supply pressure in the residential sector, both selling and leasing apartments is proving to be increasingly difficult and the potential increase in supply in the leasing market could also undermine purchasing interest in the sales market. It appears likely therefore that the proposed new measure on CR-REITs would have little impact on ending the impasse in the residential sector.

REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (KRW)	CLOSING PRICE 31 DEC 08 (KRW)	% CHANGE SINCE JUN 08	52-WEEK HIGH (KRW)	52-WEEK LOW (KRW)	DISTRIBUTION YIELD (DEC 08)
Macquarie Central Office CR-REIT	8-Jan-04	5,000	7,140	-28.17%	12,400	6,100	6.39%
KOCREF 7	11-Nov-05	5,000	5,150	-29.45%	7,900	4,600	10.78%
KOCREF 8	15-Jun-06	5,000	4,350	-35.07%	6,900	4,200	4.30%
KR2	8-May-08	5,000	5,050	1.00%	5,680	3,810	-

THAILAND

The second half of 2008 was a trying period for the Thai stock market and property funds. Pressured by both the global financial crisis and the worsening domestic political situation, the SET Index lost nearly half of its value in 2008. As capital market liquidity dried up there was only one new property fund listed during the second half of the year, bringing the total to 21. Total market capitalisation fell 18.5% during the same period as prices revised downwards. The formation of the new Democrat-led government gave market sentiment a small boost at the end of the year but whether it can make any lasting impact on investor confidence remains to be seen in the New Year.

The review period saw the Bank of Thailand (BOT) reduce its key policy rate by 100 basis points from 3.75% to 2.75% as central banks across the globe lowered interest rates to near historic lows in an attempt to stimulate their economies. There are expectations that rates will be lowered further in the first quarter of 2009 although the BOT has not yet indicated whether this will be the case. In the absence of further rate cuts from the BOT, one option for the new government will be to use the state-owned Krung-Thai Bank to offer lower lending interest rates. At the moment however, Thai commercial banks still enjoy hefty interest rate spreads and while this has no direct effect on property funds, lower or higher interest rates will have a knock-on effect.

Although lower interest rates will spur interest in property funds, weak investor confidence is likely to result in an ongoing low level of liquidity with many investors choosing to keep their assets in cash. Listed property funds have performed variably during the second half with eight funds changing within the -1% to 2% band and six others declining over 20% during the same period.

The dividend yield for Thai listed property funds thus ended with a wider range of 0.4-17.8%, mainly down to the general performance of their underlying assets.

The only newly-listed fund in the second half was the Centara Hotel & Resort Leasehold Property Fund, which has invested in a 30-year leasehold in the Centara Grand Beach Resort located on Chaweng Beach in Samui. The hotel is managed by Central Plaza Hotel, a SET-listed company. The fund size is approximately THB 3.2 billion (US$92 million) and will be managed by Kasikorn Asset Management, with guaranteed dividend returns for the first four years.

Ticon Property Fund raised its fund size for the third time since inception for the purpose of placing 38 factories and 8 warehouses into its portfolio. Existing unit holders were offered 0.25 new units at THB 10.25 for every existing unit during the period of 25 November – 2 December 2008. After the expansion, the fund's total value increased to THB 7.7 billion (US$221 million) from THB 5.77 billion (US$166 million).

Some observers expect an increase in property fund listings in 2009 as developers search for alternate sources of capital. A key feature that differentiates Thai public listed property funds from other REITS in Asia is that Thai REITS have virtually no gearing.

REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (THB)	CLOSING PRICE 31 DEC 08 (THB)	% CHANGE SINCE JUN 08	52-WEEK HIGH (THB)	52-WEEK LOW (THB)	DISTRIBUTION YIELD (DEC 08)
UOB Apartment Property Fund I	29-Oct-03	10.00	4.02	-50.37%	8.50	3.76	11.69%
Bangkok Commercial Property Fund	19-Nov-03	10.00	7.50	-9.09%	9.00	5.85	9.60%
Millionaire Property Fund	08-Mar-05	10.00	11.70	0.00%	12.00	10.20	8.29%
Ticon Property Fund	12-May-05	10.00	10.10	-6.48%	11.09	9.99	9.40%
Thai Industrial Property Fund 1	29-Jun-05	10.00	7.40	-24.49%	10.10	7.05	9.73%
MFC-Nichada Thani Property Fund	11-Aug-05	10.00	10.00	-0.99%	10.30	9.90	6.85%
CPN Retail Growth Property Fund	23-Aug-05	10.00	7.80	-17.89%	10.90	6.10	11.05%
Baan Sansiri Property Fund	26-Sep-05	10.00	9.90	-1.00%	10.50	8.80	7.39%
Samui Airport Property Fund	24-Nov-06	10.00	4.94	-42.89%	9.30	4.48	17.75%
T.U. Dome Residential Complex Property Fund	06-Dec-06	10.00	10.00	0.00%	10.30	6.60	0.43%
Future Park Property Fund	07-Dec-06	10.00	9.00	-10.00%	10.60	7.50	11.36%
Quality Houses Property Fund	12-Dec-06	10.00	5.70	-34.48%	9.70	5.40	13.26%
JC Property Fund	05-Jan-07	10.00	10.00	0.00%	10.00	10.00	6.10%
Gold Property Fund	22-May-07	10.00	7.30	-22.34%	10.30	5.35	11.77%
Major Cineplex Lifestyle Property Fund	18-Jul-07	10.00	9.00	-4.26%	9.85	5.10	9.60%
Urabana Property Fund	18-Oct-07	10.00	10.10	2.02%	10.70	7.20	7.68%
Property Perfect Property Fund	20-Mar-08	10.00	10.10	-0.98%	10.20	8.05	6.02%*
Quality Hospitality Leasehold Property Fund	03-Apr-08	10.00	6.80	-26.88%	10.00	6.00	9.89%*
Luxury Real Estate Investment Fund	29-Apr-08	10.00	9.00	-10.00%	10.00	8.15	-
Multi-National Residence Fund	19-Jun-08	10.00	10.00	0.00%	10.20	9.90	6.98%*
Centara Hotels & Resorts Leasehold Property Fund	13-Oct-08	10.00	8.95	-10.50% ^	9.95	8.90	-

* Annualized distribution yield
^ Change over offer price

MALAYSIA

This section is contributed by Regroup Associates

The M-REIT market reflected the broad correction in equity markets in the second half of 2008 as M-REIT prices fell 18.4%, although this correction was eclipsed by the 26.1% fall in the Kuala Lumpur Composite Index over the same period. There were no new M-REIT listings in the second half of the year with the total number of M-REITs holding steady at 13.

The outbreak of the global financial crisis in the second half of 2008 triggered a delay in the launch of two sizeable real estate investment trusts, namely Sunway City Bhd's proposed RM 4 billion (US$1.2 billion) integrated M-REIT and CapitaLand's proposed retail M-REIT estimated to be worth RM 2.0 billion (US$578 million). The two proposed M-REITs were supposed to be launched by the end of 2008 but were pushed back to sometime in 2009 subject to an improvement in market conditions. In related news, YTL Corp Bhd announced in December that it is to launch a hospitality M-REIT comprising luxury hotels and resorts under the YTL Group. The company plans to acquire hotels and resorts from next year which may be included in the proposed M-REIT but has not yet indicated when it might be launched.

There was some foreign activity involving M-REITs during the review period with reports surfacing in July 2008 that Kuwait's Global Investment House (GIH) had purchased a 3.94% stake or 17 million units of AmanahRaya REIT from Kumpulan Wang Bersama, its sponsor and biggest unitholder. The acquisition meant Kuwait investment house became the fourth largest investor in the trust.

On 21 August the Securities Commission revised its Guidelines on Real Estate Investment. Under the revised rules, which came into immediate effect, foreign REIT management companies will be allowed up to 70% foreign shareholding in REIT management companies, an increase from the 49% permitted since 2005.

The revised Guidelines also provide greater flexibility for REIT Managers to manage their portfolio mix and gives them more freedom to invest in foreign real estate. It also allows a portion of a REIT's portfolio to consist of real estate that it does not wholly-own or have a majority ownership stake. To speed up new unit issuance for acquisitions or capital expenditure purposes, REIT Managers will now be able to raise funds by obtaining a general mandate from unit holders for the issuance of units up to 20% of its own fund size. Previously, the issuance of new units required REIT Managers to seek unit holders' specific approval. The Securities Commission's prior approval on real estate valuation is now only required in cases where the acquisition of real estate is financed or re-financed within one year through the issuance of new units.

Following the issuance of the new guidelines, Axis REIT obtained approval from its unit holders to increase its existing fund size by up to 20%, up to a maximum of 307,081,200 units. The M-REIT also announced its re-classification from a conventional real estate investment trust to an Islamic REIT with the aim of attracting interest from locally based Shariah Funds as well as from similar foreign funds.

Three acquisitions were announced during the second half of 2008. These included Axis-REIT's purchase of a single storey detached warehouse annexed with a double storey office and showroom located in Petaling Jaya for RM32 million (US$9.2 million); Al-Hadharah Boustead REIT's acquisition of two plantation assets at RM 188.8 million (US$54.6 million), and Al-Aqar REIT's purchase of eight hospitals, healthcare colleges and one commercial building for a total consideration of RM 383.4 million (US$111 million).

In October, Axis REIT decided to withdrawn from its planned acquisition of two industrial properties in Senai, Johor State worth RM 27 million (US$7.8 million). Axis REIT said the decision was made due to a number of unfulfilled conditions as stipulated in the respective SPAs.

REIT PERFORMANCE

NAME OF REIT	DATE LISTED	OFFER PRICE (RM)	CLOSING PRICE 31 DEC 08 (RM)	% CHANGE SINCE JUN 08	52-WEEK HIGH (RM)	52-WEEK LOW (RM)	DISTRIBUTION YIELD (DEC 08)
Amanah Harta Tanah PNB	28-Dec-90	N/A	0.75	-14.29%	0.950	0.700	8.67%
Amanah Harta Tanah PNB 2	25-Mar-97	N/A	0.485	-11.01%	0.700	0.465	5.77%
Axis-REIT	3-Aug-05	1.25	1.12	-33.33%	2.000	0.995	13.30%
Starhill REIT	16-Dec-05	0.96	0.725	-14.71%	0.925	0.700	9.52%
UOA REIT	30-Dec-05	1.15	1.07	-3.60%	1.390	0.880	8.32%
Tower REIT	12-Apr-06	1.07	0.88	-25.42%	1.420	0.830	10.80%
Al-Aqar KPJ REIT	10-Aug-06	0.95	0.94	0.00%	0.980	0.780	6.19%
Hektar REIT	4-Dec-06	1.05	0.77	-41.22%	1.540	0.730	13.90%
Amfirst REIT	20-Dec-06	1.00	0.8	-9.09%	0.950	0.735	9.88%
Quill Capita Trust	8-Jan-07	0.84	0.92	-11.54%	1.480	0.815	6.30%
Al-Hadharah Boustead REIT	8-Feb-07	0.99	0.99	-30.28%	1.600	0.990	11.01%
Amanaraya REIT	26-Feb-07	0.895	0.73	-23.96%	0.990	0.720	9.60%
Atrium REIT	26-Mar-07	1.05	0.61	-21.29%	1.000	0.600	13.77%

ASIAN REIT LEGISLATION OVERVIEW

	JAPAN	SINGAPORE	HONG KONG	SOUTH KOREA	TAIWAN	THAILAND	MALAYSIA
Structure	Trust or corporate (listed REITs are all corporations)	Collective investment scheme (Unit trust) or corporate	Unit trust	Corporate-Restructuring, Entrusted Management, Development-Specialised, Self-Managed	Trust (Real estate asset trust or investment trust)	Closed-end mutual fund	Unit trust
Management structure	External	External	Internal/ External	Internal/ External	Internal/ External	External	External
% invested in real estate	For listed J-REIT, at least 75% of assets must be invested in real estate	At least 70% of deposited property should be invested in real estate or real estate-related assets	Only invest in real estate	At least 70% in real estates or corporate restructuring related properties	Cash, government bonds, property, property-related rights, beneficiary securities or ABS issued under Real Estate Securitization Act/ Financial Asset Securitization Act (RESA/ FASA) must form at least 75% of the NAV	Must invest at least 75% of NAV in property	At least 50% of a fund's total asset value must be invested in real estate and/or single-purpose companies at all times
Geographical restrictions	No restriction under the Investment Trust and Investment Company Act, but no overseas acquisitions have been made as the requirements on real estate appraisal of overseas properties are ambiguous.	No	No	No	No restriction under the RESA; subject to approval	Thailand only	No restriction basically, subject to approval from SC and relevant authorities
Property developments	Restricted – at least 50% of total assets are income producing and unlikely be sold within one year	Property developments and investments in uncompleted projects should not exceed 10%	Prohibited, but H-REIT may acquire uncompleted units comprising less than10% NAV	Allow	Allow for urban renewal, infrastructure or public amenities construction; investments should not exceed 30% of NAV	May acquire properties over 80% completed but prohibited to invest in dormant land (for PFPO)	Prohibited, but may enter into conditional forward purchase agreement
Leverage	No restriction	Over 35% of total assets permitted with disclosed credit rating (capped at 60%)	Capped at 45% of gross asset value	REITs are permitted to have exceptional borrowing up to 1000% of equity capital, upon special approval of shareholders	Ratings of twAA or above by two credit rating agencies: 50%; ratings of twA or above: 35%; those with credit ratings: 25%	Not more than 10% of NAV	50% of total asset value (revised from 35%)
Dividend payout	At least 90% to qualify for tax deduction	At least 90%	At least 90% of annual net income after tax	At least 90%	At least 90% of distributable income	At least 90% of net profits	Not specified in the M-REIT guideline

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