

Global Market Perspective

Second Quarter 2011

Real Estate Resilience

The world's major real estate markets entered 2011 on a positive note. 'Resurgence' was the key theme of our First Quarter 2011 edition of Global Market Perspective, in which we predicted that this year will be the strongest in terms of real estate trading and performance since 2007. As we enter the second quarter, the world's major commercial real estate markets have continued on a recovery path. Markets are showing remarkable resilience, despite the shocks of the disaster in Japan, the turmoil in the Middle East and a slightly less optimistic outlook for the global economy. In this Second Quarter edition we describe the ongoing global real estate recovery, characterised by strengthening investment markets, increasing corporate optimism and robust price growth for prime assets across multiple markets.

The key highlights are:

- Global commercial real estate investment volumes are up 44% year-on-year. Based on current momentum and transactions in the pipeline, we believe that full-year volumes are now on track to exceed US\$440 billion, which would represent 35-40% growth on 2010 levels and the highest volume since 2007.
- Capital values for prime office assets in major cities rose by 22% over the past year. In several markets, prime yields are approaching the levels reached during the previous cycle's peak in 2007. Nevertheless, prime yields are now stabilising after the steep re-pricing trend of the past 18 months. Future capital appreciation will be largely driven by rental growth.
- We continue to see the rise of the BRICS group of emerging markets, which accounted for 13% of global investment volumes in Q1 2011, compared to approximately 2% in 2007. Their contribution to overall investment volumes is likely to rise further as transparency and the quality of their real estate stock improve.
- Brazil is the main growth story over the last quarter. The country became the fifth most active investment market in Q1, overtaking China. Sao Paulo has one of the world's most dynamic office markets, characterised by rapid rental growth, strong corporate occupier demand, low vacancy and a development boom.
- Investors continue to focus on core assets in main gateway cities but, with insufficient supply, they are selectively moving up the risk curve in terms of geography and type of investment. However, most investors are not prepared to compromise on quality and continue to show caution towards secondary assets.
- In the US we are seeing a significant easing of the debt situation, a building of liquidity and a returning CMBS market. In Europe, debt still remains difficult though, especially for non-prime assets.
- The global office vacancy rate stands at 14.2% and is gradually falling. A supply gap for prime assets is emerging in many CBD markets in major cities. As landlords become more confident, we are witnessing rising volumes of speculative construction in Europe, led by Moscow, Paris and London.
- Rental growth on prime assets is accelerating, at close to 8% year-on-year across 22 major office markets. More markets will turn in favour of landlords during the remainder of 2011.
- Corporate occupier confidence is on the up across the globe and we are seeing more expansion demand. Corporations are focusing on 'smart growth' however, looking to minimise exposure to rising costs by continually stress-testing the need to take new space.

Global Economy

Global expansion on track

The global economic expansion continues on track, despite the shocks of the triple disasters in Japan and the political turmoil in the Middle East in Q1. Most forecasters are now marginally less optimistic in their outlook, although IMF forecasts for global economic growth in 2011 have remained unchanged at 4.4%. While there are no shortages of headwinds, we believe that the balance of risk continues to be on the upside as global business confidence improves.

The US recovery is picking up steam. Employment appears to have entered a period of consistently stronger growth, manufacturing output is expanding robustly and business confidence is up. Corporate profits continue to be a core source of strength for the US economy, and corporations are spending more on new technology and new hires, which should reinforce employment growth and bolster consumer confidence. Importantly, the credit markets are loosening and bank credit is increasingly available to small businesses. However, higher oil prices are subduing consumer spending power and the debt overhang is still casting its shadow on the potential vigour of US economic expansion. Growth projections for GDP in 2011 are mostly in the range of 2.8% to 3.3%.

Europe's broad-based recovery is set to consolidate this year, with the European Union forecast to expand by around 1.7% in 2011, similar to last year's performance. The economies of Europe's north and east will fare best, notably Sweden, Poland and oil-exporting Russia. Germany is set to remain the growth leader in Western Europe, albeit with growth slowing to 3.0% year-on-year. With consumer spending below trend and domestic demand under pressure from fiscal consolidation, Europe's other major economies, the UK, France and Italy, will expand less rapidly.

Asia Pacific's economic outperformance is expected to continue during 2011, although growth is likely to moderate due to a slowdown in external demand, and both fiscal and monetary tightening. Growth of 5.0% is projected in the region, slightly below the 2003-2007 average. The overall impacts of Japan's earthquake on regional growth this year (ex-Japan) are likely to be relatively minor. Export growth remains strong, and disruption to the region's trade flows due to the disaster will likely be temporary.

Global Real Estate Health Monitor

Second Quarter 2011	US	UK	Germany	France	Japan	China	Australia
Official Interest Rate	0 - 0.25%	0.5%	1.25%	1.25%	0.1%	6.31%	4.75%
GDP QOQ %	0.4%	0.5%	0.4%	0.4%	-0.3%	9.7%*	0.7%
CPI YOY%	2.7%	4.1%	2.1%	2.0%	-1.6%	5.4%	3.3%
Consumer Confidence MOM %	2.5%	12.8%	-1.7%	-2.4%	n/a	8.0%	1.2%
Employment YOY %	0.7%	1.4%	1.3%	0.9%	0.9%	3.7%	2.9%
Retail Trade MOM %	0.3%	0.2%	0.4%	0.2%	0.8%	-1.0%	0.5%
Housing Starts YOY %	-13.4%	4.2%	n/a	88.4%	10.2%	n/a	-7.3%
OECD Leading Indicator MOM%	0.1%	0.0%	0.1%	0.1%	0.3%	0.0%	0.1%
Manufacturing PMI, Index level	61.2	57.1	60.9	55.4	46.4	51.8	47.9
Stock Market, MOM to 29 Apr	2.8%	2.7%	6.7%	3.0%	1.0%	-0.6%	-0.3%
REIT Market, MOM to 29 Apr	5.6%	5.5%	2.0%	2.1%	3.3%	n/a	-0.1%

General Trend: **Worsening**, Neutral, **Improving** * Chinese GDP YOY.

Sources: Global Insight, UK ONS, ABS, OECD, Markit Economics, Reserve Bank of Australia, Federal Reserve Bank of New York, Jones Lang LaSalle.
Data as at 29 April 2011

Two-speed global economy

The two-speed economic recovery that began in 2009 still describes the 2011 outlook, with emerging markets growing three times faster than developed markets – this year the emerging world is likely to grow by about 6.5%, compared with around 2.0-2.5% for the developed economies. Nevertheless, the major emerging markets are expected to slow, albeit still at healthy levels and could yet surprise on the upside. China is expected to lead with growth of 9.3% in 2011, a slight slowdown from the 10.3% of 2010, following the government's ongoing policy measures to prevent overheating. India is forecast to see the second highest economic growth rate at around 8.3%, as its economy expands on the back of strong exports and investment spending. Russia is benefitting from higher oil prices and, like Brazil, is anticipating economic growth of around 4.4% in 2011.

Inflationary pressures

As concerns about economic recovery have eased, inflationary worries have moved centre stage, particularly in the emerging markets. Inflationary pressures accelerated further in many Asia Pacific countries during Q1. In March, China's CPI inflation rate was 5.4%, while in India wholesale price inflation increased to 9.0%, both well above their central banks' targets. Price rises have also exceeded expectations across Europe over recent months, chiefly as a result of buoyant commodity prices and rising indirect taxes. The anxiety for policymakers is that what may currently be one-off price effects could feed into wages and costs over the medium term, and central banks will therefore have to respond more aggressively.

Normalisation of interest rates

Inflation is an increasing influence on policy, and many governments, particularly in Asia Pacific, are in tightening mode. China has been aggressive in chasing asset price inflation and, since the beginning of Q4 2010, has raised interest rates (by 100 bps), banks' reserve requirement ratio (by 350 bps) and the minimum down payments required to buy second homes; it has also announced the introduction of a property tax on a trial basis in a few cities. Hong Kong and Singapore have likewise brought in several measures to cool their residential markets.

After three years of unprecedentedly low interest rates in the Eurozone, the European Central Bank (ECB) raised its policy rate by 25 basis points to 1.25% in early April. Our baseline forecast is for another 25-50 basis points increase this year, although hawkish comments from ECB members suggest the risk is for a faster pace. Meanwhile, the US Federal Reserve Bank (the Fed) has made it clear that while quantitative easing will end in June, interest rates will not rise soon. Economists have warned that any prolonged differences in strategy between the ECB and the Fed could have a destabilising impact on global economic prospects.

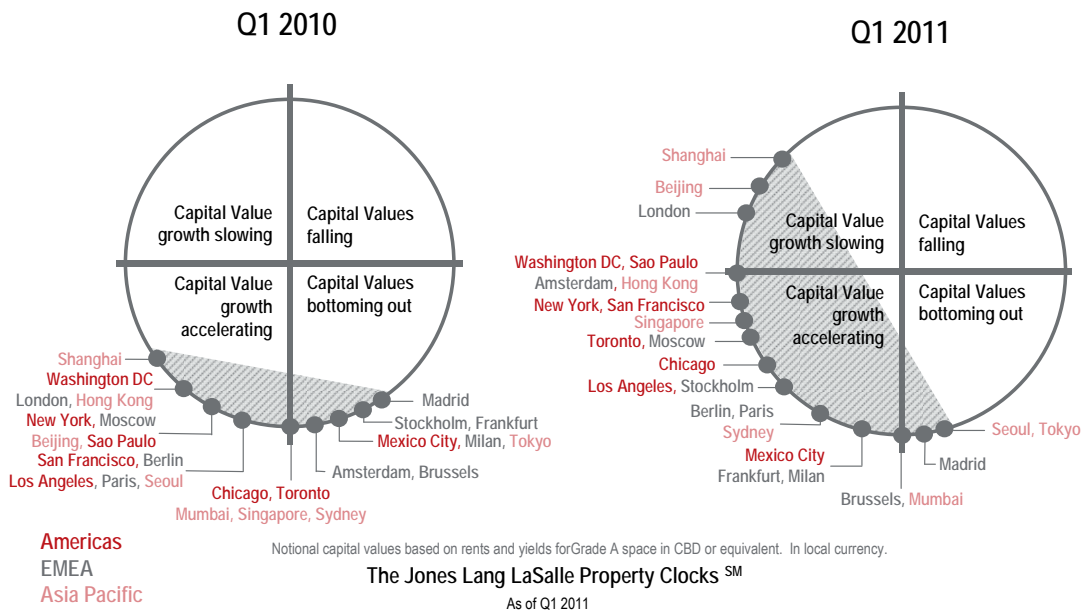
With interest rates still well below long-term averages, further rate increases from most central banks are inevitable. While an aggressive tightening cycle would be expected to dampen the pace of real estate recovery, the gradual normalisation of rates is widely anticipated and is likely to have only a modest impact.

Global Property

The appeal of commercial property

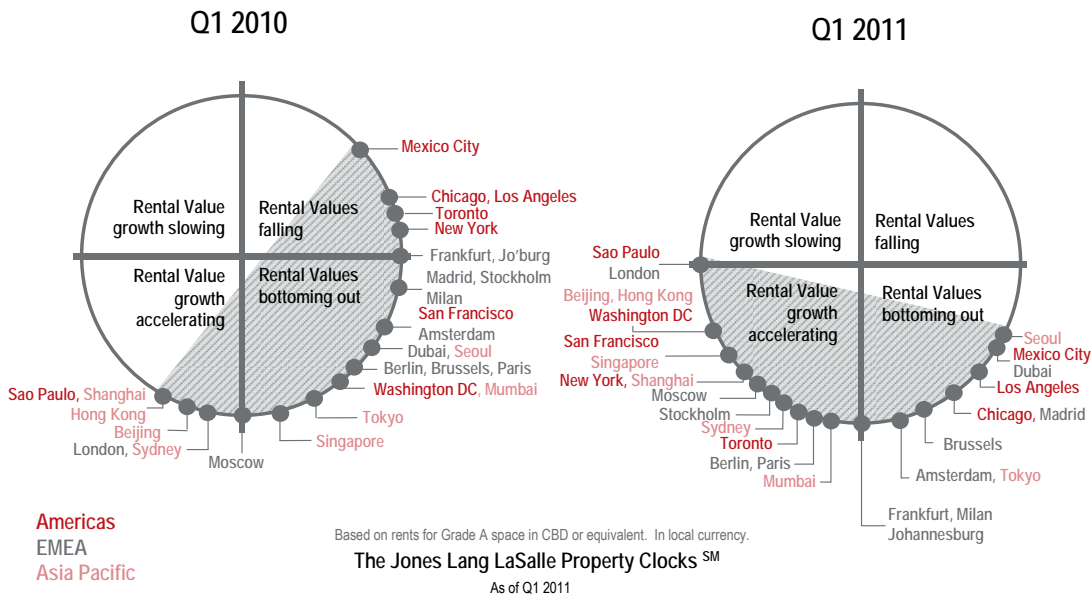
During Q1 the recovery in global real estate markets has become more entrenched and far reaching. A broad range of investors are targeting real estate, attracted by improving market fundamentals, its perceived inflation hedge and favourable risk-adjusted returns. Investment volumes are now over 40% higher than a year ago, liquidity is improving and investors are selectively widening their search by geography and asset type. With a supply gap emerging for prime space in a number of core cities, the occupational market is turning more in favour of landlords. The signal to tenants, therefore is, that the time to make space decisions is now at hand, as leverage will gradually slip towards landlords over the remainder of 2011. Heightened demand over the past few months has generated renewed landlord confidence, and we are seeing rising volumes of speculative development in Europe, led by Moscow, Paris and London.

Prime Offices - Capital Value Clock, Q1 2010 v Q1 2011



Prime Offices - Rental Clock, Q1 2010 v Q1 2011

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Mixed messages from the leasing markets

Corporate occupiers are showing much greater confidence, but this is still translating into a mixed picture of activity across the globe. In Asia Pacific, buoyant business sentiment and corporate hiring is underpinning a strong office leasing market. In North America and Europe, leasing volumes during Q1 have fallen by around 20-25% from the encouraging levels achieved in Q4 2010, and while this quarterly decline is largely a seasonal effect, it highlights that corporate occupiers remain cautious with their real estate decision making.

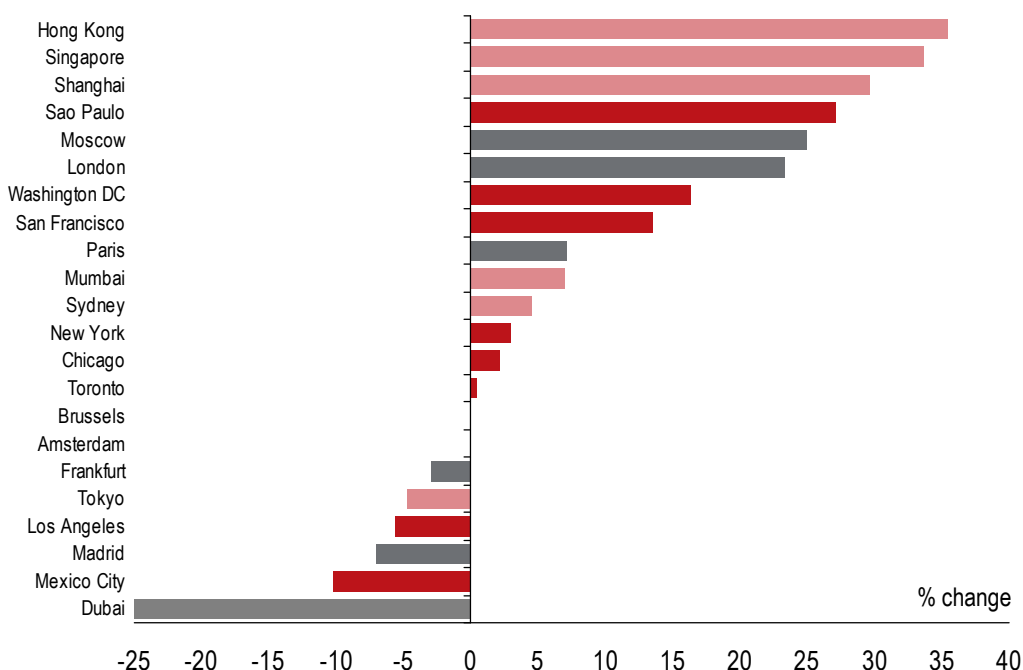
The Asia Pacific region continues to have some of the world's strongest office leasing markets. Corporate space requirements are increasing in most markets, with regional net absorption growing by 30% year-on-year in Q1 2011. Hiring expectations are rising in China, India, Hong Kong and Singapore, which will support continued high net absorption levels throughout 2011. We are also seeing growing corporate occupier interest in the diversification benefits of emerging South East Asian markets such as Indonesia and the Philippines.

In Europe, office demand in general is still being driven by lease events and consolidation as corporate occupiers maintain their guarded approach. There has been a dearth of large-scale deals in Q1. Demand is growing fastest in the CEE region, particularly Moscow, Warsaw and Prague, while Stockholm is also witnessing strong leasing activity. Elsewhere, there are signs of increasing optimism in the Nordics, Germany and France, and although leasing volumes dropped in London in Q1, requirements have grown for the first time in 18 months.

The political turmoil in the Middle East and North Africa (MENA) has impacted on corporate occupier confidence in this region, and decision making has been postponed. However, the unrest is helping to strengthen Dubai as a regional hub, with discussions of corporate relocations from less stable parts of MENA.

The US office leasing market has reached near-universal stabilisation. Tour activity (a measure of corporate occupier interest) increased in two-thirds of US markets in Q1, and a significant amount of leasing activity has been for expansion space. In particular, the technology sector has been rapidly expanding its real estate footprint and, unlike the past 'tech bubble' (in 2000), demand is being underpinned by more robust fundamentals. The financial services sector is expanding in New York, as well as in several regional banking centres around the country. Rounding out expansion activity across the US have been energy, biotech, education and various service-oriented firms.

Prime Offices - Rental Change, Q1 2010-Q1 2011



Based on rents for Grade A space in CBD or equivalent. In local currency.
Source: Jones Lang LaSalle, April 2011.

Americas EMEA Asia Pacific

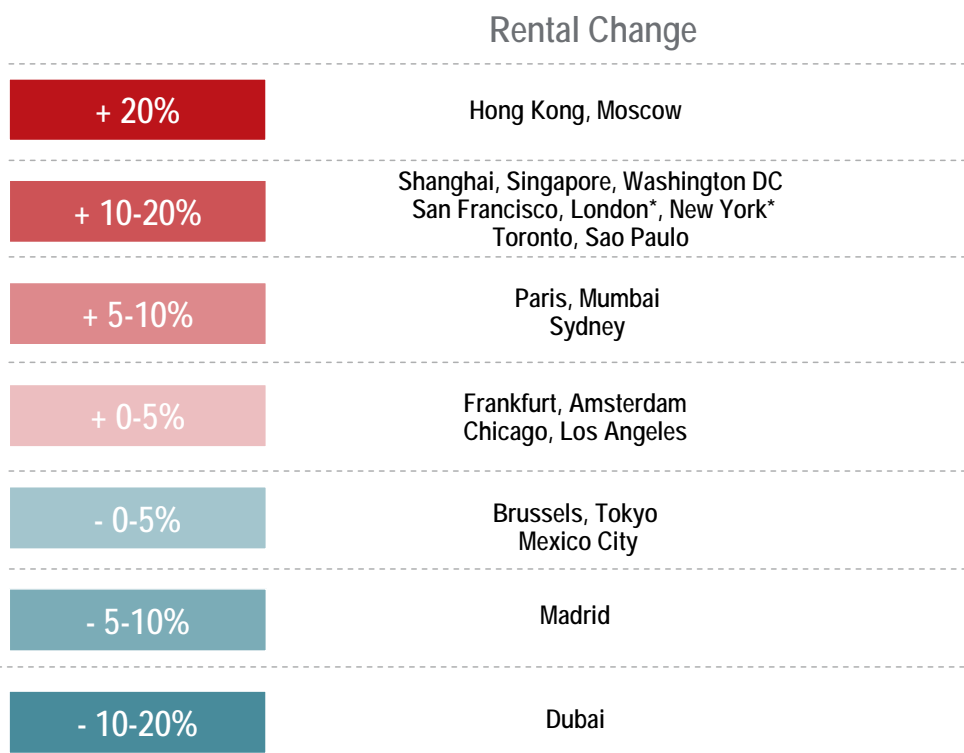
Rental growth spreading

Rental growth for prime assets in the world's top-tier office markets is at its highest level since Q1 2008, averaging nearly 8% year-on-year growth across 22 major markets. Strongest growth has been recorded in Hong Kong, Singapore, Shanghai, Beijing, Sao Paulo and Moscow. Solid rental growth is also a feature of core CBD office markets in North America and Western Europe, notably London, Washington DC and San Francisco. These markets will continue to top the rental growth league in 2011, although rates of uplift may decelerate slightly in some markets from the fast pace set in 2010. Robust rental growth is also spreading into office markets in Canada, France, the CEE region, Germany and the Nordics. Rents have started to turn around in India, Australia and some emerging South East Asia locations such as Jakarta and Manila.

However, for the majority of office markets across the globe, rental stabilisation or only marginal uplift are the predominant themes. In both continental Europe and the US, landlords have held rents relatively constant over the past few quarters, while gradually winding down concession packages offered to tenants. Our European Office Index increased by 1.5% during the quarter, and for the whole of 2011 we are projecting rental growth of nearly 5%. In the US, overall average asking rents increased by 0.7% during the quarter and we expect approximately 2% growth for full-year 2011. However, several US gateway markets will see much stronger growth, particularly for Class A space in core sub-markets.

A few office markets will continue to see downward rental pressure. Following the recent disasters in Japan, net effective rents in Tokyo declined by 1.5% in Q1 and further falls are projected for 2011. The debt problems in Europe's periphery continue to be a drag on office rents, and declines have been recorded in Madrid (-0.9%) and Barcelona (-1.3%) and, together with Dublin and Lisbon, we expect rents in these markets to soften further before reaching the bottom in 2012. The Dubai market remains largely oversupplied, and despite potential for the regional turmoil to increase demand for office space in the Emirate, it is unlikely to offset the supply surplus. In Mexico City, rents are likely to decline moderately over the next three to four years, as new supply is delivered and developers offer increased incentives to prospective tenants.

Prime Offices – Projected Rental Change, 2011



*New York – Midtown, London – West End. Nominal rates in local currency.
Source: Jones Lang LaSalle, April 2011

Global vacancy rate trending down

Office vacancy rates are gradually trending downwards from their peak in early 2010. The global office vacancy rate now stands at 14.2% (across 94 cities), compared to 14.5% at its high point in Q3 2010. Subdued development activity in both North America and Europe will help to further erode rates in 2011. However, Asia Pacific is approaching the peak of its development cycle, and the regional vacancy rate is likely to increase modestly in 2011.

Peak in development cycle in Asia Pacific

The overall Asia Pacific vacancy rate continued to fall in Q1, to 10.9% from 11.8% a year ago. However, regional vacancy is still set to rise this year due to significant supply additions (40% more than 2010), though these are mostly concentrated in markets such as China (Guangzhou), South East Asia (Singapore, Bangkok, Kuala Lumpur) and India. Further construction delays have occurred in Indian Tier I cities due to weak demand and a tighter credit environment.

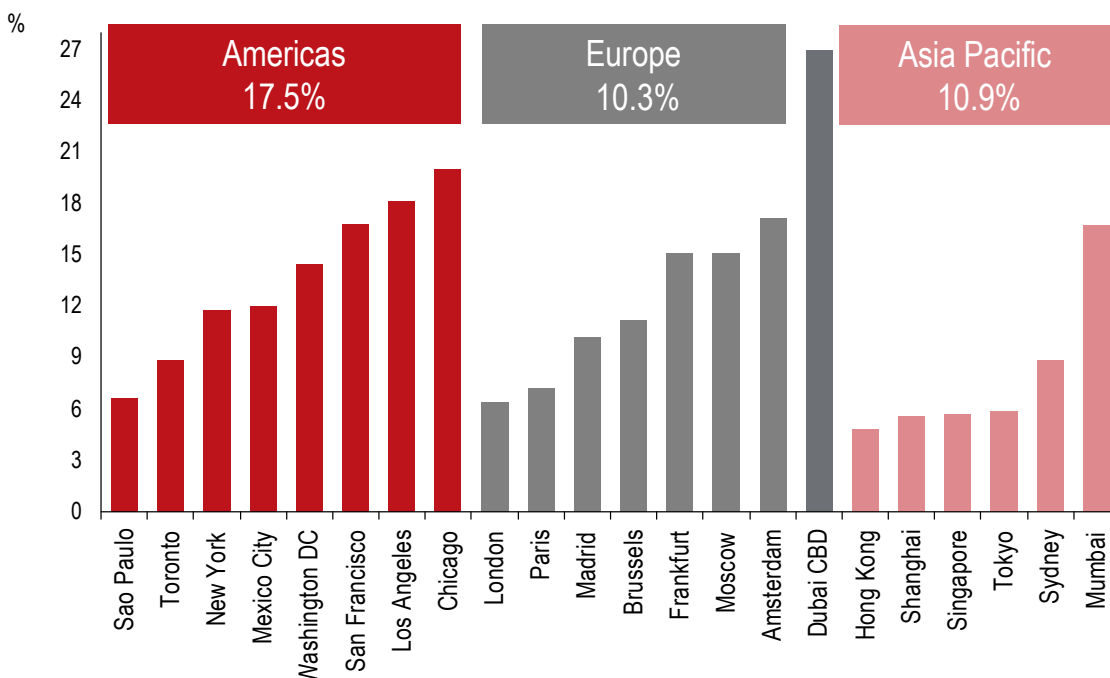
Increasing speculative construction in Europe

In Europe, office vacancy rates are up marginally at 10.3%, although shortages of prime space in CBD locations in London, Paris and Moscow are becoming more acute. In contrast, supply of second-hand space is high and available at a significant discount to prime. We expect some four million square metres of prime space to be delivered in 2011, the lowest volume for more than a decade, and the supply gap will widen as a result. This is encouraging speculative construction in many markets across the region, although most of this will not hit the market until 2012-2013.

Shrinking development pipeline in the US

In the US, occupancy gains and a lack of new supply have helped total vacancy levels to fall over the past few quarters from a cyclical peak of 18.7% at mid-year 2010 to 18.4% in Q1 2011. With employment in key office-using industries finally enjoying healthy growth and a very small – and shrinking – development pipeline over a three-year horizon, we expect vacancy levels to decline to the 17.5% mark by the end of 2011 and near to 15.5% by the end of 2012. If the economic recovery continues unabated and the return of speculative construction remains delayed, then even larger declines can be expected in 2013, and possibly 2014.

Office Vacancy Rates - Major Markets, Q1 2011

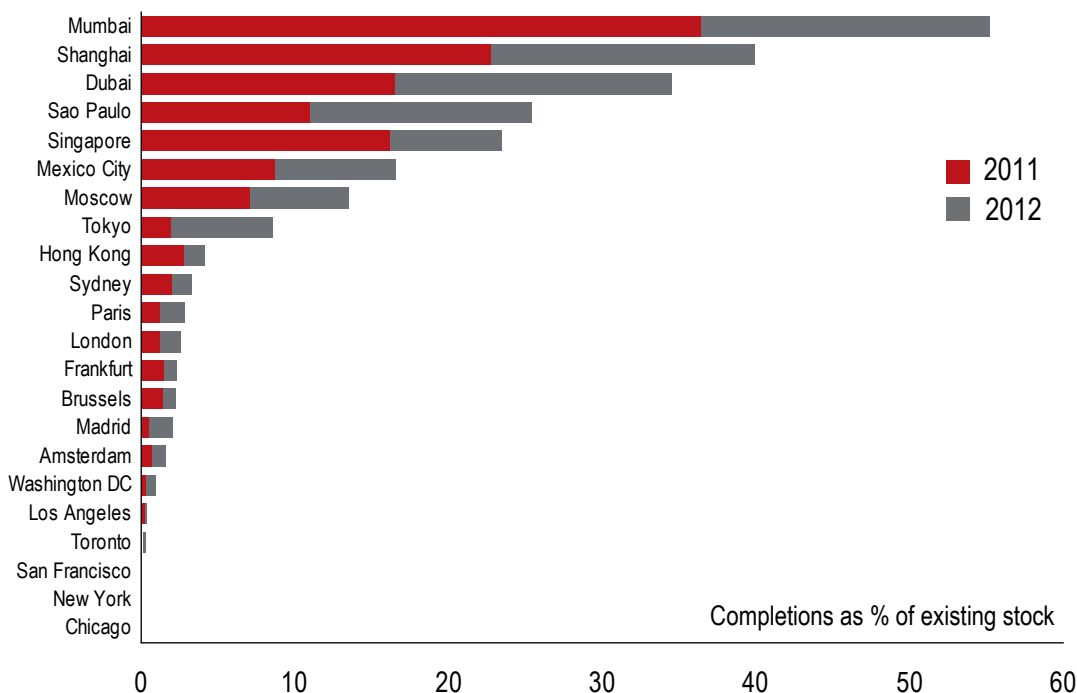


Regional vacancy rates based on 46 markets in the Americas, 24 markets in Europe and 24 markets in Asia Pacific. Source: Jones Lang LaSalle, April 2011
 Covers all office sub-markets in each city. All grades except Asia and Latin America (Grade A only). Tokyo and Dubai rates relate to CBD only

Latin American building boom

Across Latin America, a marked increase in demand for high-quality office space is now leading to significant increases in new development in a number of primary office markets. In a majority of cases, corporate occupier demand continues to be sufficient to cause market conditions to tighten, or to at least remain stable. In Sao Paulo, the Class A office vacancy rate is now under 7%, as tenants accelerate expansion plans. However, strong rental growth, approaching 30% for prime space in the city, is likely to slow in 2011 as new supply comes on line. Elsewhere, the Mexico City office market continues to see significant new supply with high-quality stock anticipated to increase by more than 40% over the next five years. Although the economic outlook is positive and tenant demand is healthy, the pace of additional supply is likely to outstrip the capacity of corporations to expand. Vacancy rates are therefore expected to rise from the present 12% to around 19%.

Office Supply Pipeline - Major Markets, 2011-2012



Source: Jones Lang LaSalle, April 2011. Covers all office sub-markets in each city. Tokyo - CBD-3 kus

A perspective on Japan

Japan's economy is projected to contract by 0.5% in Q1 and by 1.6% in Q2, before rebounding strongly in the latter half of 2011 and in 2012, as reconstruction efforts get underway. The disaster has inevitably impacted on short-term real estate dynamics. Net effective rents for Grade A offices in Tokyo, which had started to recover following the GFC, declined by 1.5% in Q1 and are now expected to fall by 5% in 2011 (we were previously predicting 10-15% growth). Nevertheless, occupier demand will recover, with a premium for modern earthquake-resistant buildings.

In the investment market, we do expect some impact on Q2 volumes, as investors are requesting updated engineering reports which will delay some acquisitions. Even so, for most established domestic and overseas investors, their attitude to Japanese real estate has not changed. They remain confident in Japan and see possible buying opportunities.

Real Estate Capital

Increasing liquidity drives investment volumes

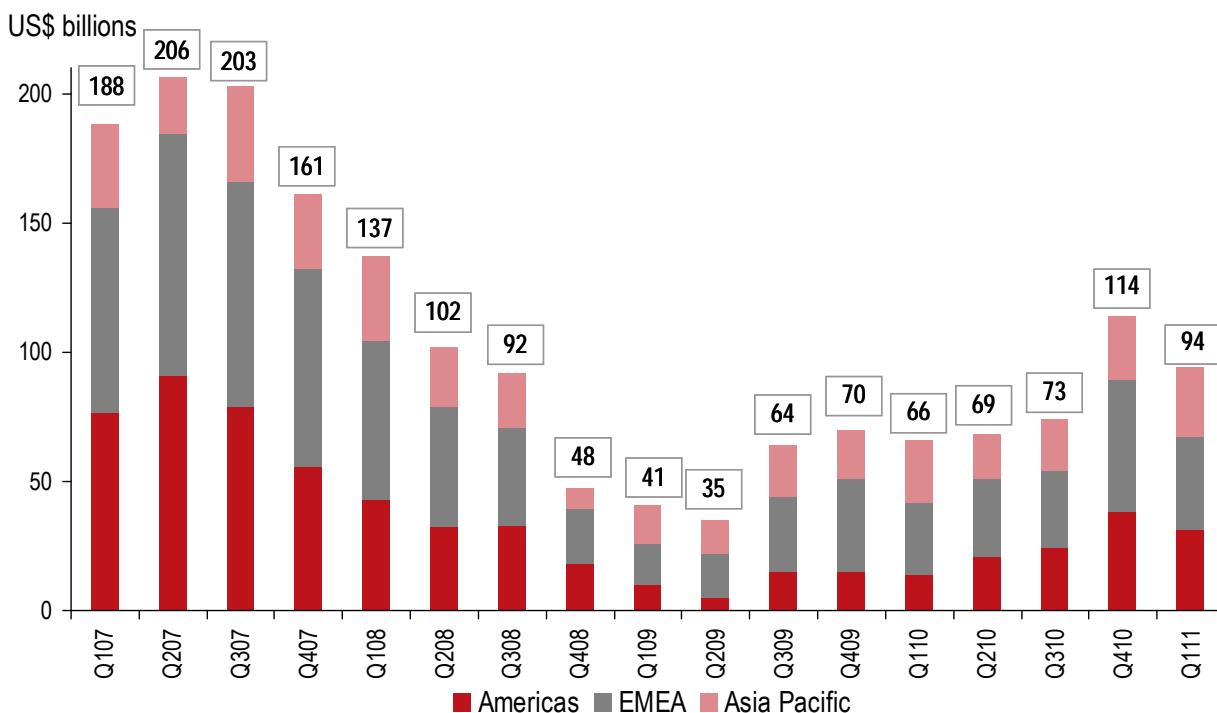
Global direct commercial real estate investment totalled just over US\$94 billion in Q1 2011, which is up 44% from the US\$65.6 billion total in Q1 2010. The quarterly sum puts the market well on its way to exceeding our preliminary full-year 2011 forecast of US\$380-400 billion. We now expect volumes to be above US\$440 billion, up 35-40% on 2010 and the highest volume since 2007.

All three regions are growing year-on-year, with the Americas leading at +125% (but from a low base), followed by EMEA at +29% and Asia-Pacific at +14%. There were 17 billion-dollar country investment markets in Q1 2011, among which the most active were the US (US\$22.9 billion), the UK (US\$13.6 billion), Japan (US\$9.0 billion) and Germany (US\$7.3 billion). The fastest growing large market is Brazil which, at US\$6.7 billion, again posted a record quarterly volume. In Q1, Brazil became the fifth most active investment market, overtaking China - an impressive growth trend given, that as recently as 2008, the country ranked thirtieth globally.

Investors selectively moving up the risk curve

Equity investors continue to target low-risk assets in prime locations, but are becoming increasingly frustrated by pricing and lack of suitable product. A number of investors are signalling a move up the risk curve, widening their geographical horizons and the types of assets they are prepared to consider. The move into 'riskier' style transactions includes smaller assets, shorter income, some voids and development opportunities. However, most investors are not prepared to compromise on quality and continue to show caution with regards to secondary assets. As investors move up the risk curve, their preference is for prime assets in 'secondary' cities, rather than secondary assets in main cities.

Direct Commercial Real Estate Investment – Quarterly Trends, 2007-2011

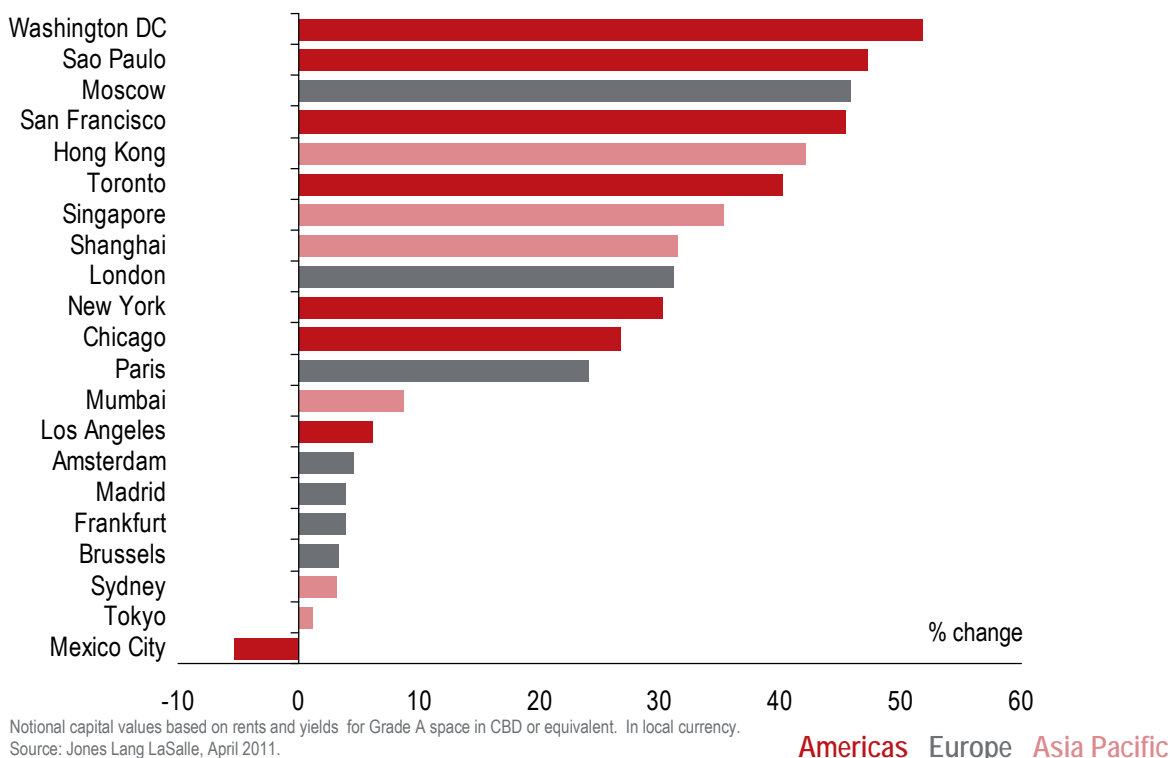


Source: Jones Lang LaSalle, April 2011

Yield play is largely over

In response to intense investor competition for prime assets in the world's top-tier office markets, capital values have continued to appreciate strongly. Across 22 major office markets, capital values at Q1 had increased by an average annual rate of 22%, with some markets registering 40-50% growth over the previous 12 months. However, the strong yield compression, which has been a feature of the market as a whole since mid-2009 and has resulted in prime yields in several markets nearing the levels of the previous cycle's peak in 2007, has largely disappeared. Prime yields were broadly stable in Q1. Further capital appreciation in 2011 will be driven by rental growth more than yield shift.

Prime Offices – Changes in Capital Values, Q1 2010–Q1 2011



Asia Pacific volumes continue to grow

In Asia Pacific, investment volumes in Q1 2011, at US\$27 billion, have risen in comparison to both Q1 and Q4 2010. This continued growth is testament to the strong fundamentals in the region. Domestic investors are dominating activity – all buyers in the top 10 deals in Asia Pacific were Asian, while sellers were 60% Asian and 40% Global, European or American funds. Investors are acquiring more properties en bloc as well as portfolio assets, with the biggest portfolio deals being mainly for retail properties.

Japan has been the most active real estate market in the region, with a confident start to the year boosted by strong acquisition activity by J-REITs and private equity funds, albeit prior to the earthquake. We anticipate some impact on Q2 volumes as a direct consequence of the disaster. Even though some deals may be delayed in the short term, most established investors continue to be confident in the Japanese market and see potential buying opportunities.

There were also notable slowdowns in the region in Q1. Volumes in China declined - a likely response to regulatory tightening and rapid capital value appreciation. Australia also saw a drop due to shortages of high-quality prime grade assets. Nonetheless, the market remains very strong, yields are compressing and a significant wall of money is targeting Australian real estate. There is strong interest from foreign investors and also from Australian funds who are repatriating money from overseas and (in many cases) repositioning their domestic portfolios; moves supported by continued systemic growth in the volume of superannuation funds under management.

Activity picking up in Continental Europe

Investment volumes traded in EMEA in Q1 2011 totalled €26.2 billion (US\$35.8 billion). This represents a 32% improvement (in euro terms) on a year ago, but the numbers underplay the level of activity, with deals in the pipeline suggesting an even stronger Q2 and Q3 2011. The UK was once again the most successful market at capturing capital, with the focus being on London offices, where overseas equity is competing for low-risk opportunities, long-dated income, prime locations and trophy assets.

Germany was the second most active market, with volumes totalling more than €5 billion (US\$7.3 billion), 21% of overall regional activity. The dominance of the UK and Germany highlights the continuing investor preference for core prime assets, but investors are extending their geographic search.

The CEE region is featuring more prominently in investor discussions due to strengthening fundamentals and returns' potential. In contrast, the ongoing Eurozone sovereign debt crisis is dampening activity on the Iberian Peninsula, with Spain and Portugal recording significant year-on-year falls in volumes. For most cross-border investors the risks in these markets remain too high, though there are a number of active domestic opportunistic funds seeking core assets.

Retail in strong demand in Europe

A number of large retail transactions, including the sale of The Trafford Centre in the UK and the Metro portfolio in Germany, are indicative of the strength of investor demand for retail assets. The sector accounted for 44% of activity across EMEA in Q1. Investor focus is on the 'big three' – UK, Germany and France. However, demand is beginning to ripple out towards a broader range of European capitals and major cities, and is concentrated on dominant assets with robust income profiles. Poland is at the forefront and is already considered by many to be 'core Europe'.

US gaining traction

The recovery in investment sales in the US continues to gain traction. Volumes totalled US\$23 billion in Q1, doubling the level of a year ago. Many property owners have been further heartened by the progressive improvement in market liquidity. Demand for higher-quality product is exceeding supply, pushing prime yields in several markets down to levels near the peak of the market in 2007. Furthermore, the volume of transactions reported to be 'under contract' continues to increase and at the beginning of April reached a new high for this recovery, which bodes well for a strong 2011. Investor interest is also moving beyond the main gateway cities into markets such as Houston, Dallas, Seattle and Atlanta. The multifamily sector continues to witness very healthy investor demand as robust market fundamentals and the availability of finance (including for new development) focus investor attention on this product type.

Direct Commercial Real Estate Investment - Regional Trends, 2010-2011

\$US Billions	Q1 11	Q4 10	% change	Q1 10	% change
			Q4 10 - Q1 11		Q1 10 - Q1 11
Americas	31.3	38.4	-18%	13.9	125%
EMEA	35.8	50.6	-29%	27.9	29%
Asia Pacific	27.2	24.6	11%	23.9	14%
TOTAL	94.3	113.6	-17%	65.6	44%

Source: Jones Lang LaSalle, April 2011

Direct Commercial Real Estate Investment - Largest Markets, 2010-2011

\$US Billions	Q1 11	Q4 10	% change	Q1 10	% change
			Q4 10 - Q1 11		Q1 10 - Q1 11
USA	22.9	32.3	-29%	11.6	98%
UK	13.6	16.3	-17%	9.9	38%
Japan	9.0	3.9	129%	9.5	-5%
Germany	7.3	7.5	-3%	6.4	14%
Brazil	6.7	3.4	95%	0.6	1058%
China	4.5	7.0	-36%	5.3	-16%
Singapore	4.0	2.5	60%	1.0	308%
France	3.3	7.2	-53%	2.5	33%
South Korea	2.5	2.3	6%	1.6	52%
Hong Kong	2.6	2.2	18%	1.6	64%
Sweden	2.2	4.3	-49%	2.0	10%

Source: Jones Lang LaSalle, April 2011

Improving debt situation in US

A key to the rapid recovery of the US investment market is the remarkable turnaround in the lending environment. From nearly every major debt capital segment there are more increasingly active participants, and the competitiveness among lenders for a healthy swathe of the market has intensified markedly over the last few quarters. Even the conduit lending market for securitisation has finally re-emerged to a point where it can once again be considered a significant component of the market. Through to April 2011, nearly US\$9 billion in CMBS was issued, far exceeding the nominal amount issued in the same period a year earlier, and already more than three-quarters of the total issuance recorded for the whole of 2010. Current estimates for 2011 issuance range between US\$40-60 billion.

Cautious optimism in Europe

The European real estate debt market continues to be subject to restrictions through regulation, liquidity and capacity. Banks remain concerned about the impact of impending Basel III regulations, which are likely to require banks to reserve further capital for real estate loans. Conversely, new Solvency II regulations mean that insurance companies are actively seeking to increase their allocation to real estate lending.

European banks are still working through the extensive legacy of pre-financial crisis problem loans. Until they are able to successfully dispose of, or refinance their wide-ranging exposure, then lending will be fundamentally restricted. This applies especially to loans secured against secondary assets. It is likely that there will be only extremely limited finance available for secondary assets in the near to medium term. In key centres and sectors, notably prime CBD offices and prime shopping centres, banks remain keen to lend and, as such, there is significant competition in this area.

Europe's CMBS is tentatively reopening with a major single asset deal in the UK. It is reported that a new mortgage bond will be secured on a loan from Deutsche Bank to fund Blackstone's £480 million (US\$770 million) purchase of Chiswick Park, a business park in west London. The deal's success will be closely watched by the real estate industry.

More choice in Asia Pacific

In the Asia Pacific debt markets there will continue to be much more choice in financing options and a greater selection of parties from whom to obtain debt. LTV ratios are now around the 60 to 65% range. The cost of currency hedging will be a major factor in the decision making of Asia Pacific investors in 2011 with currency risk a key consideration in the geographical allocation of capital.

Corporate Occupiers

In pursuit of 'smart' growth

Corporate confidence and wealth are on the up across the globe. In Asia Pacific this has driven further expansionary demand. In the Americas and EMEA more cautious behaviour is evident as corporates guard against further economic shocks; focus on right-sizing their existing portfolios; or prepare for large-scale strategic investments such as mergers and acquisitions.

Our recent Global Corporate Real Estate survey highlights a changing operational context for corporate real estate (CRE) teams, where greater scrutiny and pressure from corporate leaders is becoming the norm. CRE teams are being asked to pay close attention to continued cost management while contributing to improved organisational productivity via space upgrading and the stronger utilisation of the real estate portfolio. They are doing so at a time when the world's real estate markets are turning in favour of the landlord and when corporate caution is creating a slower, more stringent appraisal of cases for corporate investment.

CRE teams are therefore aiming to deliver 'smart' growth. This involves corporate expansion but does so in a way which minimises exposure to rising costs by stress-testing the need for taking new space; the necessity to be in certain locations; and the capability of the existing portfolio, albeit with further investment, to accommodate growth.

Examples are emerging. In Asia Pacific, some corporate occupiers are preparing alternative 'locational' strategies (decentralisation and country moves) as they look at reaching cost 'ceilings' following large-scale rental increases in markets such as Hong Kong. Corporate occupier attention is being drawn to alternative markets, such as Singapore, where rental profiles and projections are softer and the real estate stock is better placed to serve their needs. We have witnessed a similar pressure in terms of offshoring locations. Many secondary offshore locations are coming onto the corporate radar and being assessed for viability for back-office functionality. In the mature markets of Europe and North America, close attention is being paid to the existing working environment, and investment cases for workspace upgrades are being made by corporate occupiers across all sectors. Crucially, cases are made not just on the basis of reducing cost but also on the basis of brand reinforcement, sustainability credentials and the ability of the workplace to support talent attraction and retention.

Global Office Market Conditions Matrix, 2011-2013

MARKET	TIMELINE			MARKET	TIMELINE			MARKET	TIMELINE		
Chicago	2011	2012	2013	Amsterdam	2011	2012	2013	Hong Kong	2011	2012	2013
Los Angeles	2011	2012	2013	Brussels	2011	2012	2013	Mumbai	2011	2012	2013
New York	2011	2012	2013	Frankfurt	2011	2012	2013	Shanghai	2011	2012	2013
San Francisco	2011	2012	2013	London	2011	2012	2013	Singapore	2011	2012	2013
Toronto	2011	2012	2013	Madrid	2011	2012	2013	Sydney	2011	2012	2013
Washington DC	2011	2012	2013	Moscow	2011	2012	2013	Tokyo	2011	2012	2013
Mexico City	2011	2012	2013	Paris	2011	2012	2013				
Sao Paulo	2011	2012	2013	Dubai	2011	2012	2013				

	Tenant Favourable
	Neutral Market
	Landlord Favourable

* Relates to conditions in the overall office market of a city. Conditions for prime CBD space may differ from the above.
Source: Jones Lang LaSalle, April 2011

Retail

Positive consumer confidence in Asia Pacific

Consumer confidence remains generally positive in most Asia Pacific countries, underpinned by improving labour market conditions, though is more mixed than a few quarters earlier, due to factors such as rising food prices and the recent earthquakes in Japan and New Zealand.

Net absorption was positive in almost all major retail markets in Q1 2011. Rents and capital values continued to grow fastest in Greater China, followed by South East Asia. Rental and capital value movements were varied across India's Tier I cities, with a widening rental gap between prime and secondary malls. In Australia, slower retail turnover growth in late-2010 and early-2011 resulted in a subdued market in Q1.

Europe – a 'flight to prime'

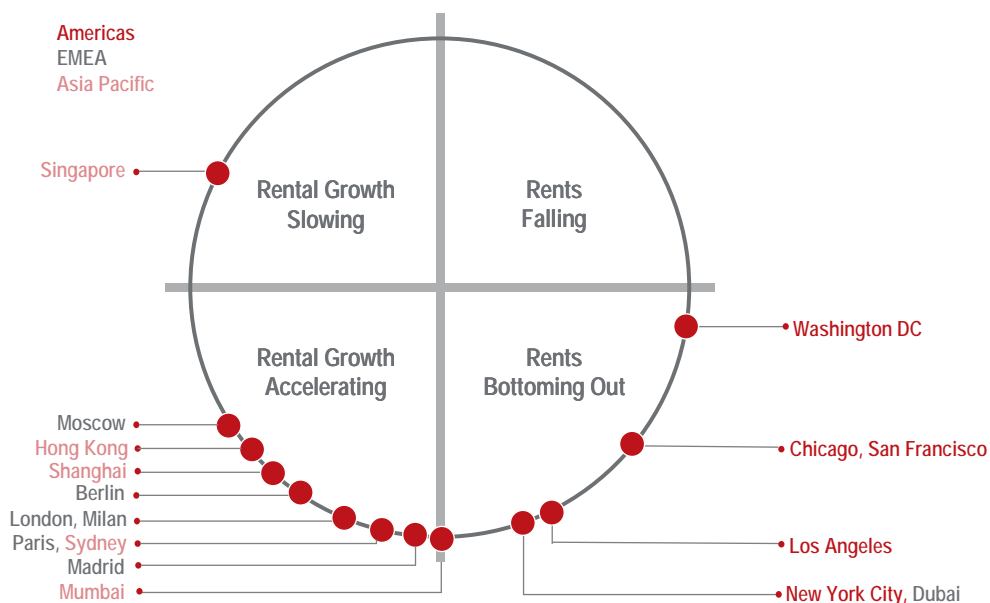
Annual retail sales posted relatively healthy growth in most European markets during Q1 2011. Russia and most CEE countries are expected to show a robust uplift this year, while France, Germany and the Nordics should see retail sales growth of around 3%.

Prime high street rents remained stable over Q1 in most markets. Modest increases were recorded in cities such as Amsterdam, Prague and Istanbul. The economic strength of Germany should result in a very solid retail market this year and we expect to see rental uplift in key locations, such as Berlin and Stuttgart. Financially strong retailers continue to seek opportunities to expand their presence on the best high streets and shopping centres. Most locations with healthy fundamentals throughout Europe are being considered by retailers.

Urbanisation of US retailing

A key issue facing the US retail sector is the move towards urbanisation that is pushing both consumers and retailers back to urban areas. Higher transportation costs, 'baby boomer' migration, and a growing preference for mixed-use, 'walkable' communities have led this change. There has also been a growing realisation among a number of national retailers that many densely-populated urban markets remain significantly undersupplied, particularly when compared with much more saturated suburban and ex-urban trading areas. Many retailers – especially 'big box' – have already responded by opening scaled-down facilities in these areas in an attempt to boost sales. Looming issues, which could negatively impact retail, are the still-floundering housing market, sharply rising fuel prices and governmental budget cuts.

Prime Retail – Rental Clock, Q1 2011



Source: Jones Lang LaSalle IP, April 2011

Industrial Warehousing

Singapore tops the rental growth league

Strong exports and retail sales continue to underpin demand for logistics space in Asia Pacific, particularly China and Hong Kong, though net absorption in Q1 2011 was lower than Q4 2010 due to limited supply. In Singapore, demand for high-tech industrial space was mainly the result of consolidations and the back-office requirements of financial institutions. Rents across the region's major industrial markets continue to grow steadily with the largest quarter-on-quarter increase in conventional industrial space recorded in Singapore (+14.3%).

US market stabilising

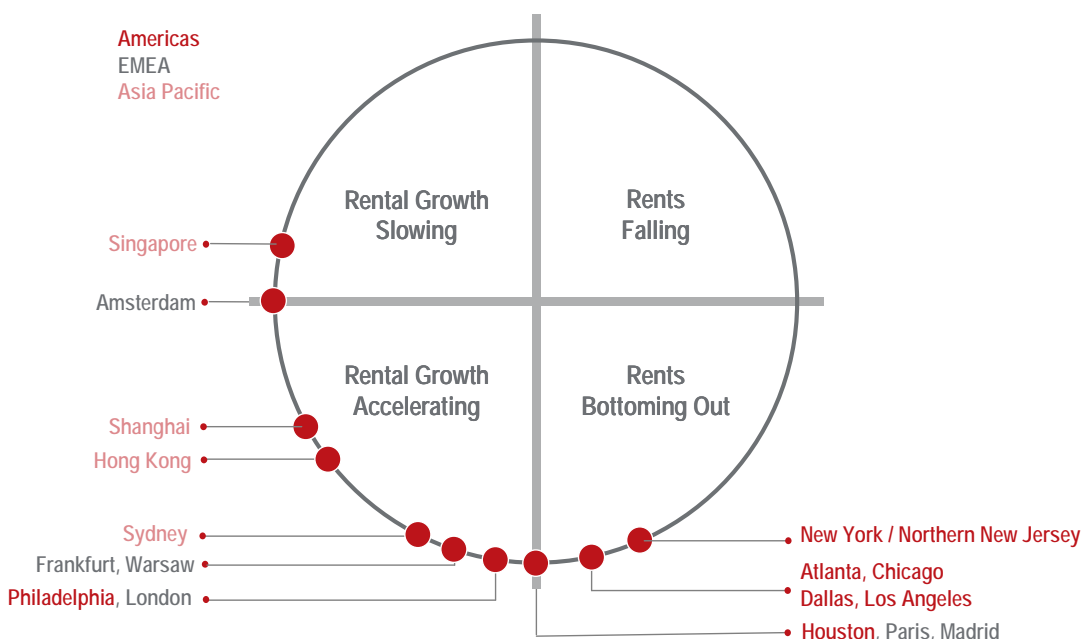
Much of the recent spate of leasing activity in the US industrial sector has centred on large corporate users, either expanding their supply chain networks (while costs are at historical lows) or via consolidations into higher-quality, prime locations that offer more functional warehouse or distribution space. Recovery in the industrial sector, which began on the coasts – led by the Inland Empire (in Southern California) in the west and Philadelphia/Central Pennsylvania in the east – is now extending to key inland distribution hubs such as Dallas, Indianapolis and Memphis.

Average asking rents have been on a continual decline since early 2008. However, the rate of decrease has been slowing in recent quarters, and preliminary figures for Q1 2011 suggest that rents are beginning to stabilise. As demand fundamentals continue to firm and vacancy rates (which currently stand at c.10%) decline further, we expect an imminent bottom to 'asking rents'. However, rental spikes will be limited to those few markets, like the Inland Empire, where shortages of large blocks of available space are creating a supply vacuum. In general, rents are not anticipated to experience a significant uptick in 2011.

Shortages of modern space across Europe

In Europe, demand is being driven by ongoing logistics network optimisation as well as an expanding and changing retail landscape. The lack of speculative development since mid-2008 is expected to lead to a shortage of modern floorspace by mid-2011. Prime rents appear to have reached a bottom in the majority of European markets, with a few markets, notably in the CEE region, recording growth during the quarter – e.g. Moscow (8.7%) and Warsaw (5.5%). A lack of supply is expected to result in rental growth in most major warehousing markets over the remainder of the year.

Prime Industrial Warehousing - Rental Clock, Q1 2011



Source: Jones Lang LaSalle IP, April 2011

Hotels

A strong global rebound

2010 was characterised by a strong rebound in global hotel investment activity, which has continued into 2011. In Q1, volumes were up over 110% and the average deal size has nearly doubled compared to Q1 2010, driven by several big-ticket sales in the Americas and portfolio deals in Europe.

Volumes up threefold in the Americas

The Americas saw volumes rise threefold and the region remains the most liquid globally. Activity was primarily driven by acquisitive REITs, which accounted for approximately two-thirds of transaction volumes. On the sell-side, investment funds, hotel operators and developer/property companies were most active. The hotel transactions market in Latin America is still in its infancy, although Q1 trading volumes in Brazil totalled US\$94.5 million, which already exceeds the country's full-year 2010 volume.

Outlook for China and India improving in Asia Pacific

As a result of slowing activity in Australia (after two strong years) and events in Japan weighing on the region, Q1 deal volume in Asia Pacific decreased by 21% compared to Q1 2010. Portfolio sales totalling US\$109 million were recorded in secondary markets such as Darwin (Australia) and Vietnam, while single-asset activity mostly took place in Singapore, Japan and China. Three hotel investment deals were recorded in China, totalling US\$299 million, representing a threefold rise year-on-year, albeit from a low base. The outlook for investment activity in China and India is improving although deals require intricate local knowledge and significant time to complete.

Portfolio sales dominate EMEA

In EMEA, momentum continued to build in Q1 2011 with volumes up 157% compared to Q1 2010 with the UK, France Germany and Spain largely driving the increase. Various hotel operators such as NH Hoteles, Louvre Hotels and Accor divested assets through portfolio sales, representing 41% of total Q1 volumes (versus 22% on a global basis). On the buy-side, institutional investors and investment funds still feature prominently, focusing particularly on leased investments. Average deal size in EMEA showed a significant increase year-on-year as a result of the various portfolios trading in the first quarter.

Investment Volumes and Deals – Hotels, Q1 2011 v Q1 2010

	Volumes, Q1 2011		Deals, Q1 2011	
	Millions USD	% change YoY	Number	% change YoY
Americas	2,999	214%	41	78%
EMEA	2,833	157%	29	4%
Asia Pacific	785	-21%	12	-48%
Global	6,617	117%	82	11%

Source: Jones Lang LaSalle Hotels

Residential

A robust recovery in US rental apartments

In the US, the rental apartment sector continues to enjoy a remarkably robust recovery not yet experienced by the other major US real estate sectors. National vacancy rates have moved sharply downwards, declining by a further 40 basis points during Q1 2011 and are now approaching the 6% level. A combination of an improving labour market, the spectre of a renewed fall in home prices and tight home-lending standards is increasing the propensity to rent, particularly among new generation households. The US home ownership rate has declined from a record 69% at the peak of the housing market to 66.4% in Q1 2011, and further modest declines through 2012 are possible.

Occupancy rates and rents will also continue to be buoyed over the next year by low levels of new construction being delivered to the market. However, this will begin to change in the latter half of 2012 and into early 2013, as active searching for construction financing for apartment communities – which is available in meaningful quantities – has surged over the last few months. A significant amount of groundbreakings is beginning in Q2, and will be increasing in Q3 and Q4 2011.

Asian buyers become more cautious

The residential sales market in Asia was generally quiet in Q1 2011, as buyers became more cautious about further tightening measures by governments. Sales activity generally declined in Hong Kong, Singapore and China Tier I markets, though prices have, and are likely to remain, largely stable for 2011.

Across Asia, leasing activity was mixed during Q1 2011. Demand in the luxury and high-end residential markets in Singapore and China Tier I cities was generally steady, while demand was stronger in Hong Kong, partly due to more short-term leases associated with temporary relocations from Japan. Effective rents generally increased in most Asian cities, albeit at a slowing rate, with the largest quarter-on-quarter increases recorded in Manila (+3.6%) and Jakarta (+2.4%).

European markets finely balanced

The European residential markets remain finely balanced. With little additional lending and tightening ECB policy, the potential for price growth will continue to be limited. Annualised capital growth is broadly strongest across the Nordic markets, with the core continental European economies showing marginal yet positive returns. In the UK, the recent government budget may yet provide a spark for new residential construction. Consultations are ongoing into facilitating investment in residential REITs and boosting housing supply via easing change-of-use restrictions from commercial to residential space.

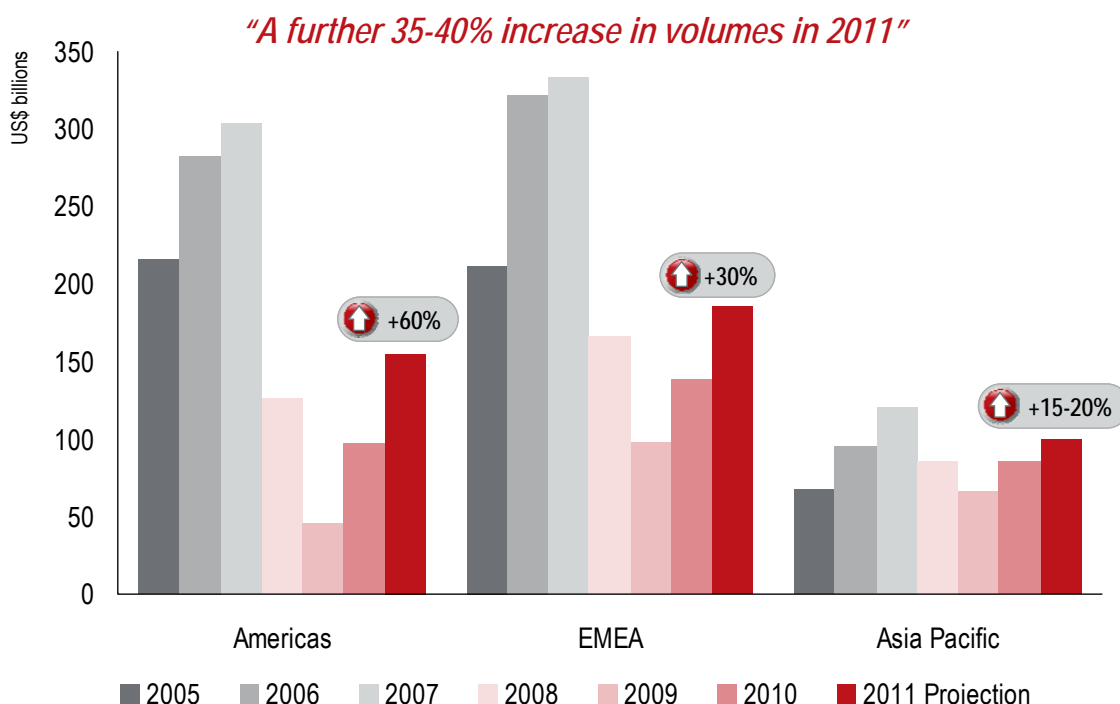
Although the UK residential market continues to perform in a polarised manner, average house prices are broadly flat year-on-year. Recent research suggests that more than £7.5 billion (US\$12 billion) from domestic and international funds is aimed at residential development or investment in the UK. Around 70% of this capital is targeted at London, where values and rental prices are rising.

Global Outlook

Investment volumes up 35-40% in 2011

Investors will continue to have sound reasons for targeting commercial property over the next 12 months - its perceived hedge against inflation; supply shortages in many gateway markets; appealing risk-adjusted returns when compared to more volatile asset classes; still-attractive pricing outside some of the prime markets which corrected earliest; and even a pick-up in both debt issuance and securitisation. Based on current momentum and transactions in the pipeline, and barring any major downside shocks, we believe that full-year 2011 global investment volumes will exceed US\$440 billion. This will be the highest total since 2007's US\$795 billion and will put the global market on a par with levels seen in 2004 and 2005.

Direct Commercial Real Estate Investment, 2005-2011



Source: Jones Lang LaSalle, April 2011

The rise of the BRICS

The balance of activity has shifted, with less investment in developed countries' secondary and tertiary markets and a big increase in emerging markets. Looking further ahead, we expect investment volumes to gradually return to the US\$700-800 billion levels of the last peak in 2006/2007. However, the change in the composition of investment will persist, with BRICS and other emerging markets expected to account for a much larger proportion of activity, both as a source and a destination of capital. The contribution of the BRICS markets to global investment volumes has steadily increased from less than 2% in 2007 to 13% in Q1 2011, and further rises are anticipated as the markets become more transparent and the quality of their building stock improves. South Africa, which formally joined the BRICS group in April 2011, is also likely to see increasing cross-border real estate investment, offering an attractive combination of first-world real estate infrastructure and emerging market dynamics.

Asia Pacific volumes up 15-20%

In the Asia Pacific region, investment volumes are projected to top US\$100 billion in 2011, a 15-20% increase on 2010. However, the anticipated fall in investment volumes in Q2 and Q3 in Japan, which typically account for around 30% of the regional total, could negatively impact on overall volumes. Domestic sources of capital will continue to account for

the bulk of regional investment. More club deals and other forms of funding (mezzanine capital, bond issuance) are expected in markets where policy risks are more inherent or domestic bank funding is restricted (e.g. China). In Australia, while banks continue to reduce their exposure to commercial real estate and the steady tightening in yields poses a hurdle to aspiring A-REIT investors, other sources of capital are becoming available. New sources of non-bank debt finance are emerging and unlisted wholesale funds, with longer time horizons, are actively seeking new opportunities.

Significant equity targeting Europe

With large amounts of equity targeting European real estate, we believe that there is potential for investment volumes to increase by up to 30% on 2010 levels, although a lack of suitable opportunities may constrain activity.

The major markets of the UK, Germany and France will continue to dominate activity. London, which was the world's largest city market in commercial property investment in 2010, looks set to lead again in 2011. A very broad range of overseas investors are targeting the city, particularly from Asia Pacific. The key difference between this year and last is that Asia Pacific investors will be keen to explore development, short income and riskier cash-flows, as well as long income vanilla transactions. The supply of investment stock is likely to increase, with banks in a better position to action problem loans. Ireland's NAMA is likely to step up sales of UK property.

Shortages of core assets and limited yield compression in the main markets will encourage a broadening of investor horizons. We expect to see growth in investment activity in the Nordics, Poland (which many now consider 'core Europe'), and also Russia, where investors are attracted by opportunities for rental growth and relatively high yields.

Momentum builds in the Americas

Considerable momentum is building in the US investment market, and Q2 appears to be heading for a further increase in activity over Q1. Listings are on the increase and deals 'under contract' are up significantly, currently at their highest level since the recovery began. With the cyclical market recovery gaining traction in the US and Canada, and strong secular growth continuing in Latin America – most notably in Brazil – we anticipate total regional investment volumes for 2011 to be in the region of US\$155 billion, representing an increase of 60% over 2010 levels.

Prime Offices – Projected Change in Values, 2011

	Rental Values	Capital Values
+ 20%	Hong Kong, Moscow	Hong Kong, Moscow San Francisco, Washington DC
+ 10-20%	Shanghai, Singapore, Washington DC San Francisco, London*, New York* Toronto, Sao Paulo	Shanghai, Singapore New York*, Toronto Sao Paulo, London*
+ 5-10%	Paris, Mumbai Sydney	Paris, Chicago Los Angeles, Mumbai
+ 0-5%	Frankfurt, Amsterdam Chicago, Los Angeles	Sydney, Frankfurt, Amsterdam, Mexico City
- 0-5%	Brussels, Tokyo Mexico City	Brussels, Tokyo
- 5-10%	Madrid	Madrid
- 10-20%	Dubai	Dubai

* New York – Midtown, London – West End. Nominal rates in local currency.
Source: Jones Lang LaSalle, April 2011

Capital appreciation driven by rental growth

Continued strong capital appreciation is expected to be a feature of most top-tier office markets for the remainder of 2011 (Tokyo being a notable exception) as rental growth accelerates on prime office assets. Hong Kong, Moscow, Washington DC and San Francisco are projected to show the strongest capital value growth during the year.

Following the steep re-pricing of assets in major markets since 2009, yields will stabilise in most core markets, though we could still see some yield compression for prime assets in 'secondary' and smaller markets (e.g. CEE, Tier II US cities). In core markets further capital appreciation will be driven by rental growth.

... but no shortage of headwinds

We believe that as the momentum in the investment and occupational markets accelerates during 2011, the risks to our forecasts will become correspondingly more balanced. The impetus for growth is strong and should be able to absorb most external shocks. Nonetheless, there will be no shortage of headwinds to test the real estate market recovery, such as:

- Policy mistakes, including premature monetary and fiscal tightening, which could strangle recovery. While an aggressive tightening cycle would be expected to dampen the pace of recovery in the property sector, the gradual normalisation of policy interest rates is widely anticipated and will have a modest impact.
- The challenge for most emerging markets is how to avoid overheating in the face of closing output gaps and higher capital flows, which are fuelling asset price inflation and could create serious policy challenges. It is likely that China, for example, will have to tighten more to dampen excessive capital value growth.
- Continued sovereign debt problems, particularly on the Eurozone's periphery. Portugal's debt bailout negotiations and Greece's debt restructuring serve as a reminder of the sovereign debt risks within the Eurozone. However, progress on bank recapitalisations makes it increasingly unlikely that Spain will require a bailout. Re-establishing fiscal and financial sustainability in the face of low or negative growth and high interest rates is a substantial challenge.
- Standard & Poor's warning on the outlook for US sovereign debt has brought into focus plans to reduce the US long-term deficit and debt. Fiscal policy, both short and long term, remains a key question mark for the future health of the US economy. Balancing the need to address the nation's looming structural deficit with the need to continue to support the economic recovery in the near term is the challenge facing policymakers.
- Deeper housing corrections in the US. Home prices are declining again while home sales and construction activity struggle to gain traction, depriving the country of a typical key contributor to early-stage economic expansion.
- Energy and commodity prices have increased more than expected, reflecting a combination of strong demand growth and supply shocks. While modest further rises are unlikely to derail the recovery, a major exacerbation of Middle East tensions could create additional disruptions to oil supply, which would be a serious concern.

Recent Key Transactions

Americas

Brazil, multiple cities

Bracor has sold a portfolio of 30 warehouse and office properties to Prosperitas for R\$2.2 billion (US\$1.3 billion)

Brazil, Sao Paulo

PREVI has sold the Hospital Matarazzo office complex to Groupe Allard for R\$260 million (US\$156 million)

Brazil, Rio de Janeiro

BHG (Brazil Hospitality Group) has acquired the 418-room InterContinental Hotel from Brookfield Properties.

Canada, Toronto

In the Etobicoke submarket, Manulife Financial has purchased an office building for C\$49 million (US\$50 million) from Redcliff Realty Advisors.

Canada, Toronto

In suburban Mississauga, Orlando Corporation has sold an industrial property for C\$43 million (US\$44 million) to corporate purchaser Robert Transport.

US, Boston

Demand for prime product in core locations within gateway markets continues unabated, with The Abbey Group selling an office tower, Landmark Center, to JP Morgan for US\$530 million.

US, New York

In one of the foremost urban shopping districts in the world, Spanish fashion retailer Inditex has purchased a Fifth Avenue store for US\$324 million, or US\$8,300 per square foot.

US, New York and San Diego

Host Hotels & Resorts has acquired two assets totalling US\$885.5 million.

US, Portland

First & Main, a newly-constructed office tower in downtown Portland, has been sold to public REIT American Assets Trust for US\$129 million. The seller was Shorenstein Properties.

US, San Diego

Sunstone Hotel Investors has acquired a 75% interest in the Hilton San Diego Bayfront for a reported US\$356.3 million.

Asia Pacific

Australia

BWP Trust has taken over a portfolio of 13 assets, comprising 10 operational warehouses and three potential warehouses sites, for A\$241.7 million (US\$243 million).

Australia, Perth

Commonwealth Property Office Fund has sold three office assets to GDI Property Group for A\$152 million (US\$153 million).

China, Beijing

The Fifth Square has been bought by China Minmetals for approximately US\$680 million. China Minmetals will use Tower A for its own use and continue to lease the rest of the three-tower complex.

China, Kunshan

The Swissotel Kunshan, located between Suzhou and Shanghai, has been sold by Kingdom Hotel Investments to Swiss Liberty Sdn Bhd for US\$60.5 million. Jones Lang LaSalle advised Kingdom Hotels

China, Shanghai

The Centre, a 45-storey premium Grade A office building located in the French Concession in Xuhui district, has been sold by APL to China Pacific Insurance Co. Ltd. (CPIC) for RMB 4.4 billion (US\$668 million).

China, Shanghai

International Capital Plaza has been acquired by ARA from CSI Properties for RMB 1.16 billion (US\$176 million).

Japan, Tokyo

Mitsubishi Estate has acquired Kokusai Shin Akasaka Building (East and West Tower) and an adjacent hotel from Lone Star for ¥85 billion (US\$1 billion).

Japan, Tokyo

Mitsui Fudosan has purchased Otemachi Pal Building for ¥72 billion (US\$879 million).

Japan, Tokyo

Nippon Building Fund, Japan's largest REIT, together with a private Japanese investor has paid ¥60.5 billion (US\$738 million) to buy and lease back Mitsubishi Heavy Industries' headquarters building. The J-REIT will take a 60% stake while the private investor will take the remaining 40%. The acquisition is the largest by a Japanese REIT since April 2010.

Singapore

Pacific Star has sold the Capital Square building to Alpha Investment Partners' Macro Trends Fund and NTUC Income for S\$889 million (US\$696 million) at a capitalisation rate of about 4%.

Singapore

NTUC Income has acquired a 49% equity stake in Savu Investments, the company which owns 16 Collyer Quay, formerly known as Hitachi Tower. The office tower is estimated to be valued at S\$661 million (US\$518 million).

Singapore

CapitaMall Trust (CMT), a Singapore-listed retail REIT, has acquired Iluma Mall for S\$295 million (US\$231 million) from Jack Investment Pte Ltd.

Singapore

CDL Hospitality Trusts have purchased Studio M Hotel from Republic Iconic Hotel Pte for US\$121.3 million.

South Korea, Seoul

South Korea's SK Group has bought its headquarters building from Bank of America Corporation's Merrill Lynch & Co. for about KRW 553 billion (US\$495 million) in a joint venture with South Korea's National Pension Service.

Thailand

Big C has signed an agreement with Carrefour to acquire its business operations in Thailand for THB 35.5 billion (US\$1.2 billion). The acquisition, which includes 42 stores, was completed in early 2011.

Europe

Czech Republic, Prague

European Property Investors Special Opportunities (EPISO Fund), a fund co-advised by AEW Europe and Tristan Capital Partners, has entered into a 80:20 joint venture with VGP for a logistics portfolio. The transaction is valued at approximately €300 million (US\$410 million) and is the largest industrial property sale to complete in the Czech Republic and ranks among the 15 largest European industrial transactions to have been concluded in the past five years. The portfolio, which is made up of modern semi-industrial logistics complexes concentrated in and around Prague, comprises over 368,000 square metres of completed logistics assets with a further nine buildings totalling 62,000 square metres to be developed. Jones Lang LaSalle advised VGP, the developer and vendor.

France, Paris

Generali and Groupe Cr dit Agricole's Predica have acquired the Europe Avenue office complex (located in the Western Crescent) for  450 million (US\$617 million) from Beacon Capital Partners. The 65,000 square metre development, completed in 2009, is leased to GDF Suez and IBM.

France, Paris

Strategic Hotels & Resorts has closed on the sale of its leasehold interest in the Paris Marriott Champs-Elis es hotel for  29.2 million (US\$41.8 million). As part of the transaction, the company also expects to receive an additional  11.6 million (US\$16.6 million) related to the release of the leasehold guarantee and other closing adjustments for total proceeds of  40.8 million (US\$58.4 million). Jones Lang LaSalle advised Strategic Hotels & Resorts.

Germany, Ruhr Region

Canada Pension Plan Investment Board has bought a 50% share in Germany's largest shopping centre, 'Centro', in Oberhausen in the Ruhrgebiet for around  700 million (US\$959 million).

Germany

US private investor Cerberus has bought a portfolio of 45 Cash & Carry assets from Metro for around  700 million (US\$959 million).

Germany, Dusseldorf

Union Investment has bought a 50,000 square metre shopping centre in Neuss from Switzerland's Unimo AG for  227 million (US\$311 million). Formerly a retail park, the scheme is currently being renovated and will reopen as a shopping centre within the next weeks.

Germany, Austria

Invesco Real Estate (IRE), the global real estate investment manager, has made the first acquisition for its second pan-European hotel fund with a sale and leaseback portfolio of five hotels in Munich, Hamburg, Frankfurt, Vienna and Salzburg for around  170 million (US\$233 million).

Ireland, Dublin

Real Estate Opportunities (REO) is reported to have agreed the sale of Montevetro - the tallest commercial office building in Dublin - to Google for nearly  100 million (US\$137 million). The property comprises 19,500 square metres of prime offices and was completed in January 2011. The deal is one of the largest commercial real estate transactions in Ireland for several years.

Italy, Milan

Italian fund manager Prelios SGR has announced the sale of the historic Rinascente building in Piazza Duomo for  472 million (US\$647 million), representing a gross yield of 4.7%. The 53,000 square metre department store was sold to the Ippocrate investment fund, which is majority-owned by ENPAM (the privatised pension fund for Italian doctors and dentists) and managed by Italian fund manager First Atlantic Real Estate.

Netherlands, Rotterdam

Hannover Leasing from Germany has purchased the new Stedin headquarters, known as Blaak 8, for  52.25 million (US\$71.5 million). The sustainable property (A+ label) comprises 13,500 square metres of prime offices. Jones Lang LaSalle advised Hannover Leasing.

Poland, Lodz, Torun & Sosnowiec

Pradera has bought a portfolio of three shopping galleries attached to Real hypermarkets in  d z, Toruń and Sosnowiec for over  40 million (US\$55 million). The properties were disposed of by UK-based Carpathian, advised by Jones Lang LaSalle.

Poland, Warsaw

Deka Immobilien has bought the 30,000 square metre North Gate office building in Warsaw for  103 million (US\$141 million). The building was purchased from two companies in the Austrian Volksbank Group, which developed the building through its development company Premiumred. Jones Lang LaSalle advised the buyer.

Poland, Warsaw

Union Investment has signed an agreement to buy the Zebra Tower office and retail building in Warsaw for around €76 million (US\$104 million). The purchase of the 18,280 square metre building was carried out on behalf of the group's Immo-Invest Europa fund.

Russia, St Petersburg

US investor, Jenson Group, has acquired a 10,000 square metre Class A office building for US\$25 million, reflecting a net initial yield of approximately 10%. The offices are partly let to a Russian gas company and a Russian banking group. This represents the first purchase in two years of a commercial property by an international fund in St. Petersburg. Jones Lang LaSalle acted for the purchaser.

Sweden

Sweden's Hemfosa has acquired Municipalfastigheter's properties (previously known as Landic VIII) with an underlying property value of SEK 2.2 billion (US\$340 million). The portfolio comprises 57 properties located in 42 Swedish cities and mostly let to public sector tenants.

Sweden, Stockholm

ING Real Estate Investment Management, on behalf of its European Shopping Centre Fund (ESCF), has exchanged and completed on its first acquisition, Tyresö Centrum, for €82 million (US\$112 million), reflecting an initial yield of 6.2%. The 28,000 square metre shopping centre is located in Tyresö, 19 km south of Stockholm.

UK, London

Legal & General has purchased The Rolls Building in Fetter Lane for a price in excess of £300 million (US\$480 million). The 25,000 square metre office building was completed in 2010 and is fully let to tenants including HM Courts & Tribunals Service. Jones Lang LaSalle advised Legal & General.

UK, London

AXA Real Estate Investment Managers has acquired 20 Gresham Street, a 21,700 square metre multi-let office building in the City of London for a price in excess of £230 million (US\$369 million). Jones Lang LaSalle advised the vendor, Hermes.

UK, London

German closed-end fund manager KGAL has acquired 60 Gracechurch Street in the City from Evans Randall for around £115 million (US\$184 million) at a yield of approximately 5.4%. The 12,000 square metre building is predominantly let to Allianz.

UK, London

US insurance company, WR Berkley Corporation, has purchased 33 Grosvenor Place, a 17,800 square metre office building, for a price in the region of £160 million (US\$256 million). This represents its first property investment in the UK. Jones Lang LaSalle advised the vendor, Beacon Capital Partners.

UK, London

TIAA-CREF, the investment management arm of the Teachers Insurance and Annuity Association of America, has bought a 50% share of Belgrave House in Victoria, Google's London headquarters, for a reported £108 million (US\$173 million).

UK, Manchester

Capital Shopping Centres has acquired The Trafford Centre, an approximately 140,000 square metre regional shopping centre, from Peel Holdings for £1.6 billion (US\$2.6 billion)