

Savills Asia Pacific



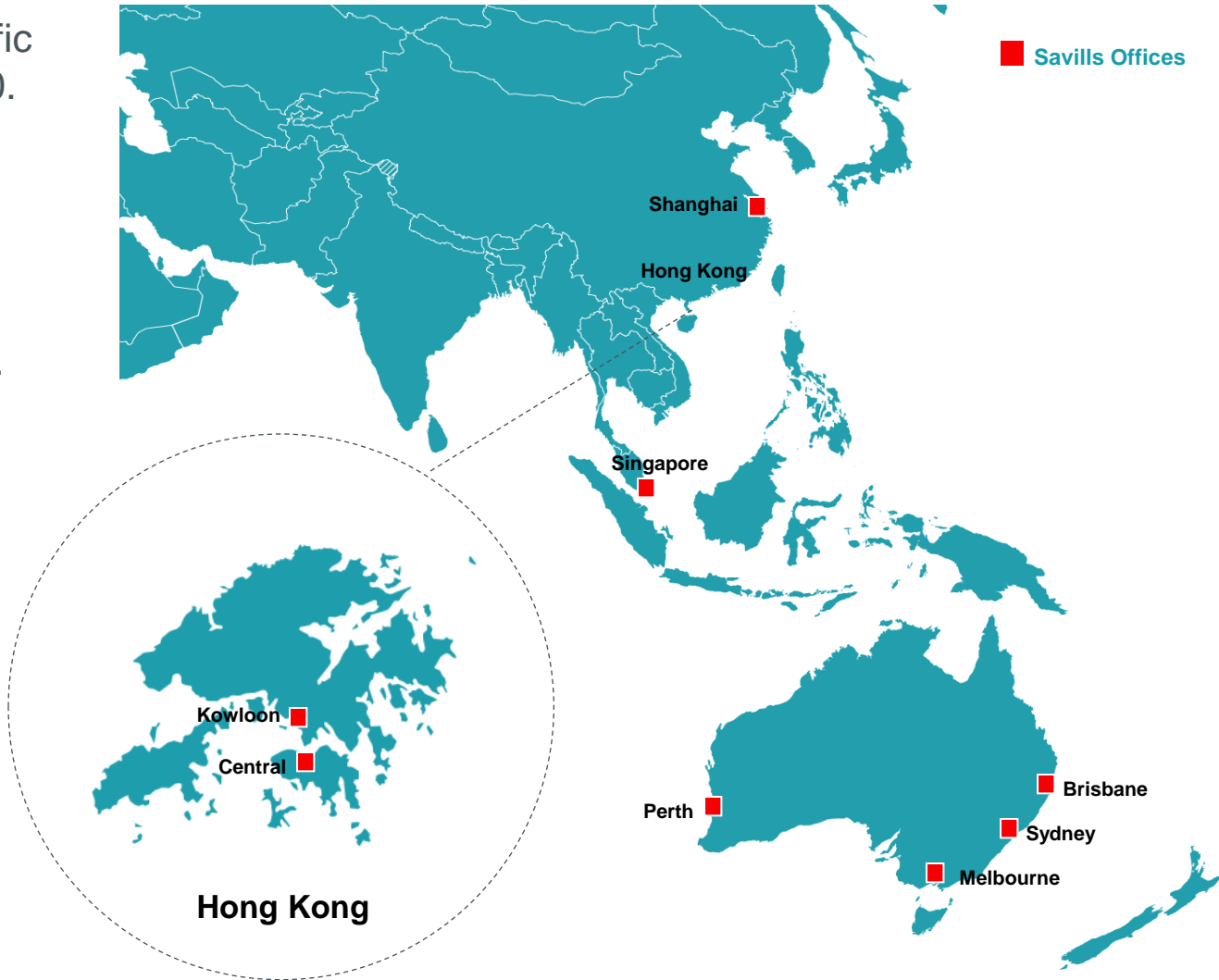
March 2011

savills
WORLD LEADING PROPERTY SERVICES

1. **History and overview of Savills business in Asia Pacific (Rob McKellar)**
2. **Asian property market dynamics and future growth (Rob McKellar)**
3. **Focus on Mainland China (Albert Lau)**

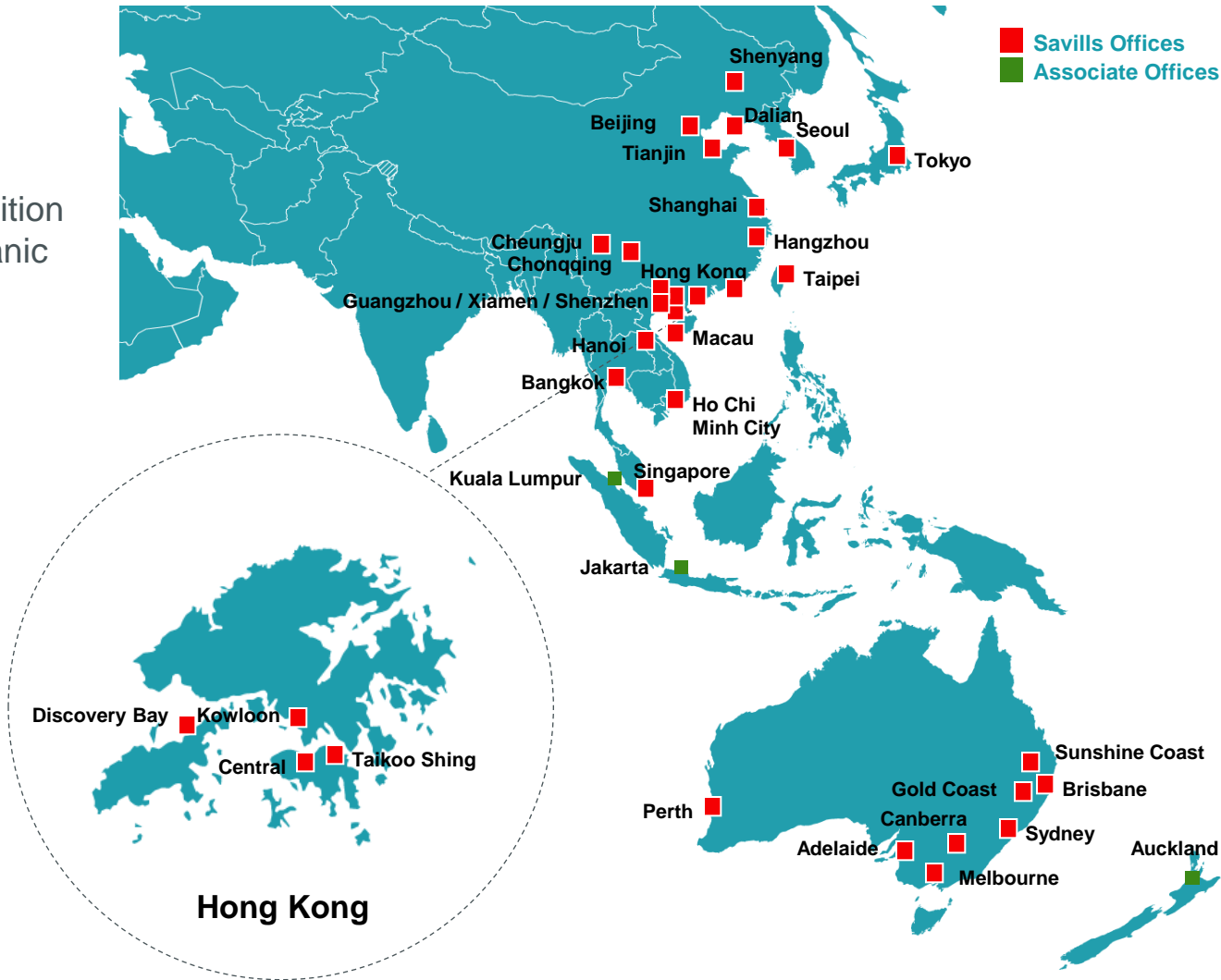
Savills Asia Pacific - 2000

- Savills acquired First Pacific Davies (FPD) in April 2000.
- Focus on Hong Kong and Australia.
- Purchase price - £ 32.5m.
- Employed 9200 staff.
- Revenue £75m.
- PBT £ 4.75m.

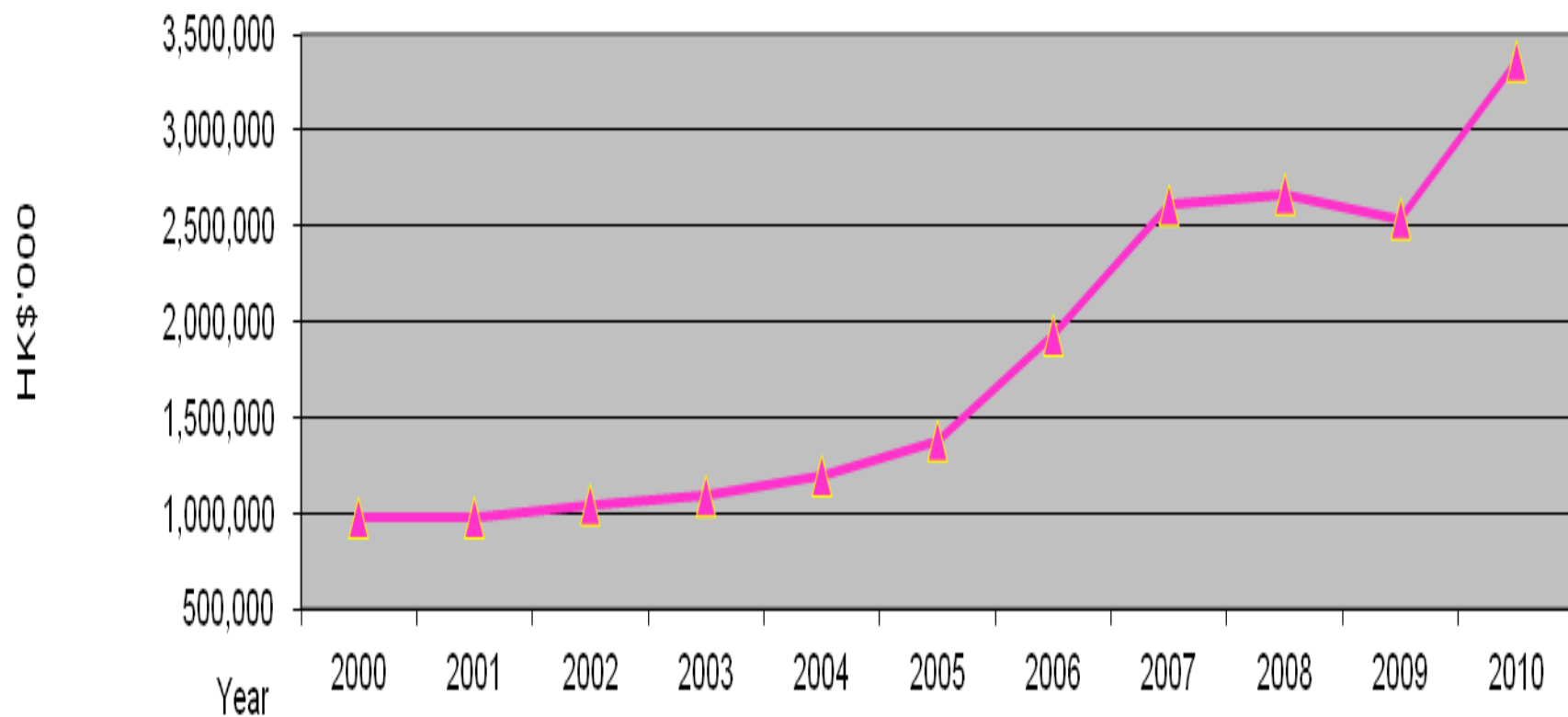


Savills Asia Pacific Today

- Geographical reach largely complete
- Expanded via capital acquisition (£40m) and aggressive organic growth
- China: organic
- Korea : acquisition
- Vietnam: acquisition
- Singapore: acquisition / organic
- Thailand: organic
- Taiwan: organic
- Japan: acquisition / organic
- Australia: acquisition / organic
- Employ over 18,000 staff
- Revenue £280m
- PBT £29.7m

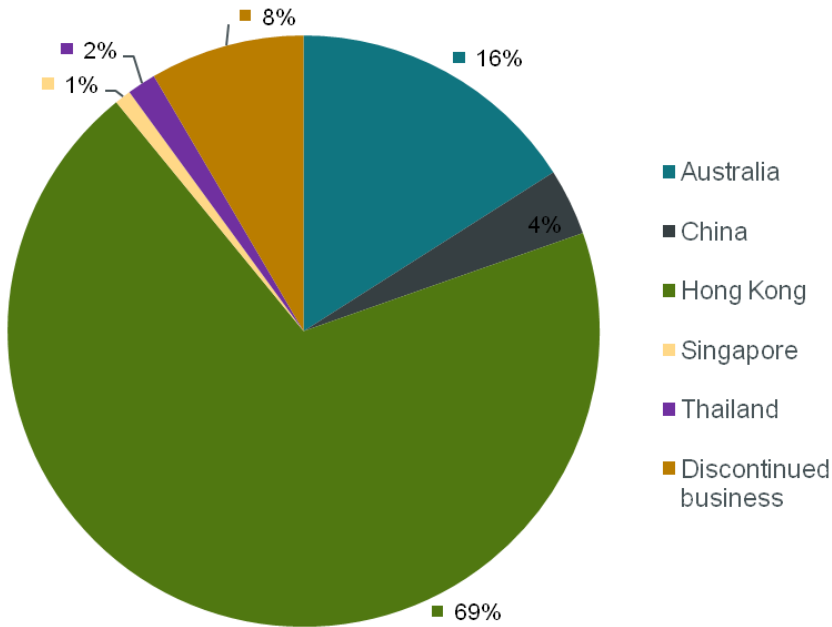


2000 - 2010 Revenue

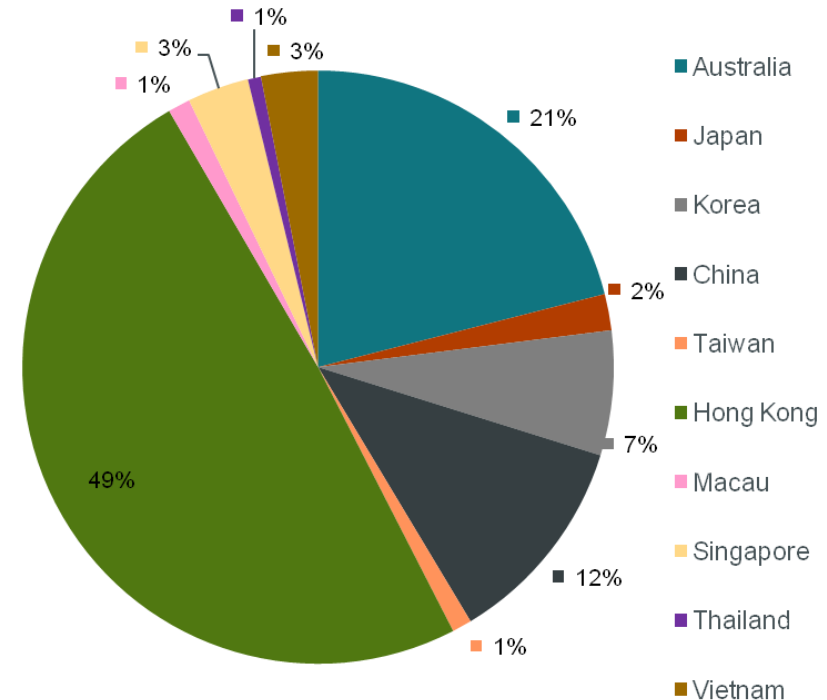


Savills Asia Pacific - Revenue by Country

Revenue by Country 2000



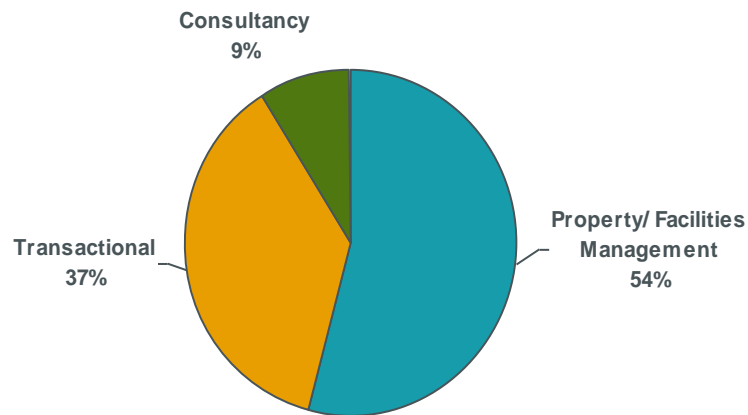
Revenue by Country 2010



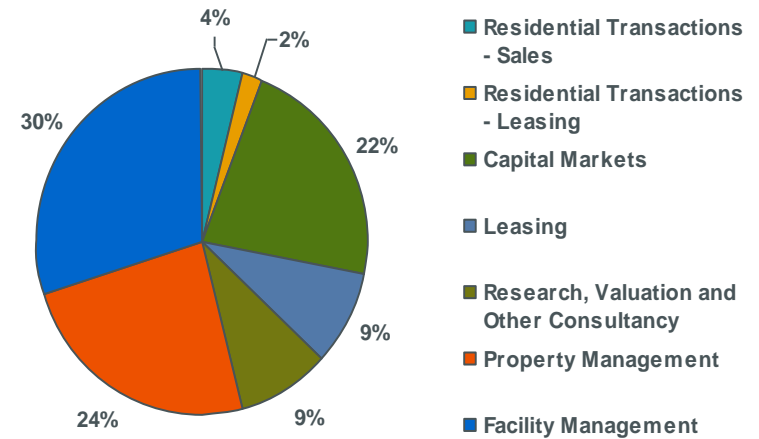
Savills Asia Pacific 2010 Revenue by Segment & Business Stream



Revenue by Segment 2010



Revenue by Business Stream 2010



Savills in Hong Kong

“ the most transparent and liquid market in Asia, with low taxation and ease of business”

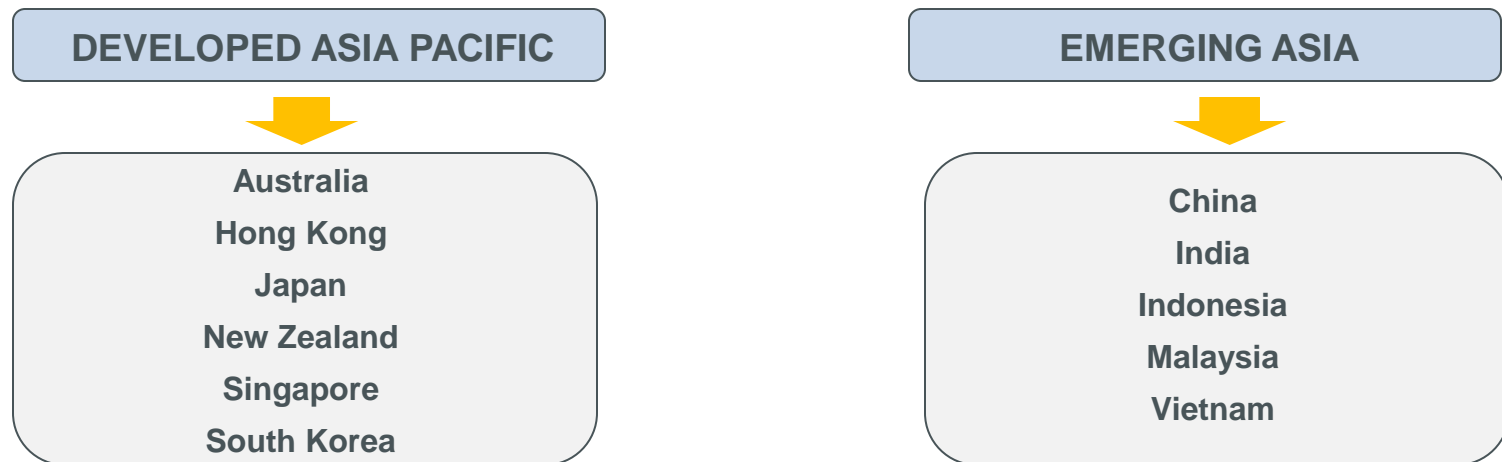
currently huge investor interest from mainland China with booming retail sales.

- Full service offering, especially investment sales and property management.
- Significant facilities management business (Guardian), low margin but recurrent income.
- Employ over 11,000 people in Hong Kong (8,700 Guardian)
- Currently the leading investment sales and retail agent
- Approximately 50% of Asia Pacific revenue and profit is from Hong Kong
- Springboard to Macau where we are the leading agent
- Talent pool for export to mainland China

Asian property market dynamics and future growth























Asia-Pacific Macro-Economic Factors

- **Underlying macro-economic fundamentals are strong**
 - Property market growth highly correlated to macroeconomic growth
 - Population growth and favourable population demographics (including urbanization)
- **Asian property markets relatively immature**
 - Lack of significant REIT market
 - Lack of transparency
- **Diversity and disparity in Asia**
 - Economic management policies differ widely
 - Economic maturity between developed and emerging Asia



2010 Top 10 Asia Pacific Markets

Office, Apartment, Retail, Industrial and Hotel

2007	2008	2009	2010	MARKET	2010 SALES VOLUME	€'s b	YOY CHANGE
1	1	1	1	Tokyo		€14.2	 28%
5	2	2	2	Hong Kong		€9.2	 71%
2	3	7	3	Singapore		€5.5	 231%
3	9	9	4	Sydney		€3.3	 143%
4	6	6	5	Beijing		€3.1	 58%
10	7	4	6	Shanghai		€2.9	 -17%
6	4	3	7	Seoul		€2.9	 -32%
14	10	14	8	Kuala Lumpur		€1.6	 218%
11	8	5	9	Taipei		€1.7	 -20%
7	12	10	10	Melbourne		€1.6	 21%
China: Land and development site sales						€163.5	 41%

Source: REAL Capital Analytics

- Australia: very institutional, very active, transparent and regulated. Developed REIT market
- Hong Kong and Singapore: very active, transparent, increasingly local with fledging REIT market
- Japan and Korea: low foreign and institutional ownership, reasonable transparency, JREIT market.
- China and Taiwan: active, low foreign and institutional ownership, low transparency and regulation

Key Property Trends

- Asian buyers are now firmly in the driving seat
- ‘Sinofication’ of the region
- Land sales in China will create further massive residential and commercial supply to the market
- Japanese pension funds and Chinese insurance companies looking to increase their exposure to real estate
- Asian investors may offload local assets to increase overseas weighting
- Relationships matter

The Institutional Client Base is Changing

TOP 20 BUYERS IN 2010		TOP 20 SELLERS IN 2010	
	Vol (€Bn)		Vol (€Bn)
Poly RE Group (China)	€5.6	Singapore URA (Singapore)	€3.2
China Vanke Co. Ltd. (China)	4.3	Mori Trust Hldgs (Japan)	1.9
Wheelock & Co (China)	4.0	Orient Over Ltd	1.6
CapitaLand Ltd. (Singapore)	3.3	Morgan Stanley (US)	1.5
Greenland Group (China)	2.8	Goldman Sachs (US)	1.5
R&F Props (Hong Kong)	2.5	CapitaLand Ltd (Singapore)	1.3
MCC RE Co. Ltd (China)	2.4	MTR Corp Ltd (Hong Kong)	1.1
Longfor Group (China)	2.2	Grocon (Australia)	1.1
Sun Hung Kai Props (Hong Kong)	2.1	ING Group (Netherlands)	0.9
Mori Trust Sogo REIT (Japan)	1.7	Korea Land & Housing (Korea)	0.9
Shimao Prop Hldgs (China)	1.8	Sunway Hldgs Berhad (Malaysia)	0.9
New World Dev (Hong Kong)	1.7	Westpac (Australia)	0.8
KWG Prop Hldg Ltd (Hong Kong)	1.7	Merrill Lynch (US)	0.6
Dalian Wanda Group (China)	1.7	Macquarie Global Prop Advisors (Australia)	0.7
China Over Land & Inv (China)	1.6	AIG (US)	0.6
CITIC Group (China)	1.7	Isetan Mitsukoshi (Japan)	0.6
Mirae Asset (Hong Kong)	1.7	SEB Group (Sweden)	0.5
Agile Prop Hldgs Ltd (China)	1.6	Japan Retail Fund Inv (Japan)	0.5
Keppel Land Ltd (Singapore)	1.6	Skyland Group (China)	0.5
Nan Fung Group (Hong Kong)	1.6	Daelim Ind Co. Ltd (Korea)	0.5

- Traditional western institutional investors are increasingly less active.
- Private, local institutional and owner-occupier increasingly dominant.
- Money is moving from east to east and east to west.
- Singaporean funds most active in the region.
- Yields are being compressed, by weight of money chasing prime real estate.

Source: REAL Capital Analytics

The China Influence

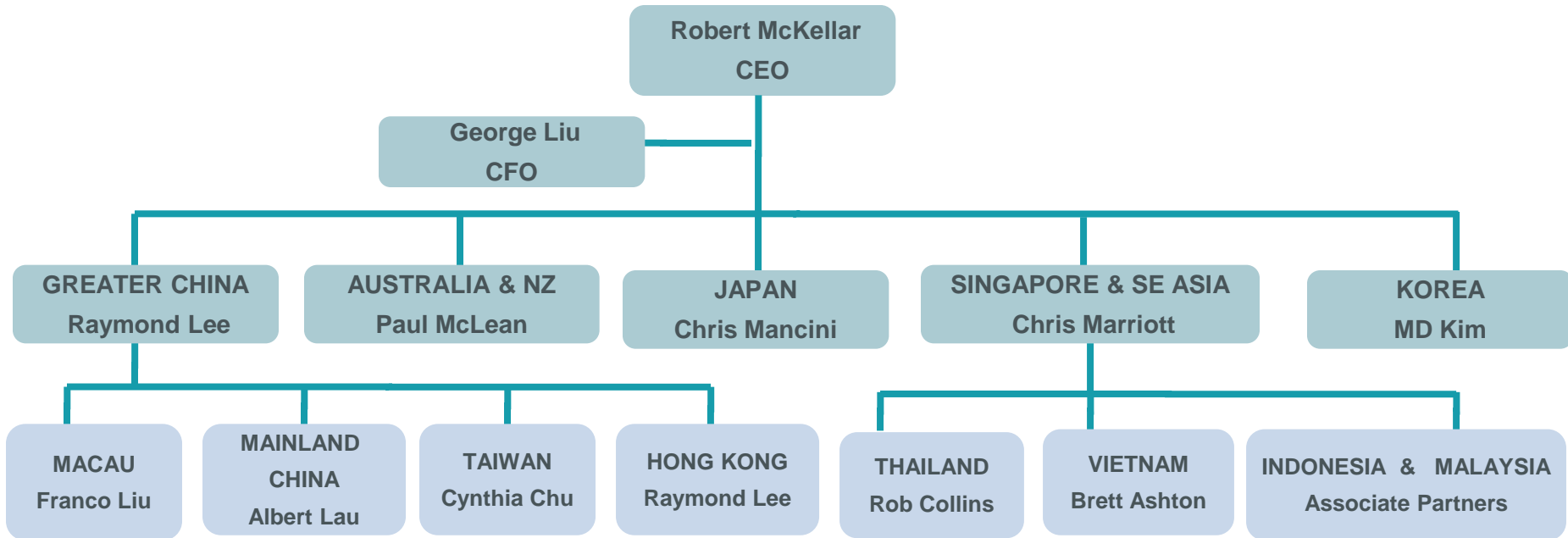
- **‘Sinofication’** of the region

Top nationalities of foreign buyers of private homes in Singapore

NATIONALITY OF BUYERS	TOTAL UNITS BOUGHT BY FOREIGNERS	
	2009	2010
Malaysia	1,799	1,858
China	1,033	1,611
Indonesia	1,345	1,555
India	838	1,026
United Kingdom	220	338

- Chinese major buyers of residential and commercial real estate in the region.
- Key markets are SE Asia and Australia / New Zealand.
- Geopolitical reasons and sentiment also a factor in land and property acquisitions.

Savills Asia Pacific Executive Management Team



Strong experienced management team

- Robert McKellar: 21 years at Savills, 6 years in Asia
- Raymond Lee: 15 years at Savills, Hong Kong resident
- Chris Marriott: 15 years at Savills, 20 years in Hong Kong & Singapore
- Chris Mancini: 7 years at Savills, 18 years in Japan
- Albert Lau: 8 years at Savills, 16 years in China, Hong Kong resident
- Paul McLean: 12 years at Savills
- Brett Ashton: 5 years at Savills, 11 years in Vietnam
- Rob Collins: 6 years at Savills, 18 years in Thailand

Strategy – Delivering growth

1. Geographical expansion

- Office expansion into key second tier cities in China
- Build on relationships in Malaysia and Indonesia with Associate Partners
- Representation in India
- A Savills presence in Auckland, New Zealand

2. Develop new and expand existing business lines

- Increase our residential sales platform in key cities, e.g. Beijing, Taipei
- Develop ‘show-suite’ style street residential sales offices in key city locations
- Expand Hong Kong managed property investment sales team into mainland China
- Develop a real estate fund management platform in Asia Pacific

Strategy – Delivering growth (cont'd)

3. Increase market share

- Recruit key individuals
- Selective acquisitions
- Improve branding through significant media and PR exposure

4. Stronger push in key cities of NE Asia

- Beijing
- Seoul
- Shanghai
- Tokyo



5. Build on links with US and Europe to promote cross-border flow of business

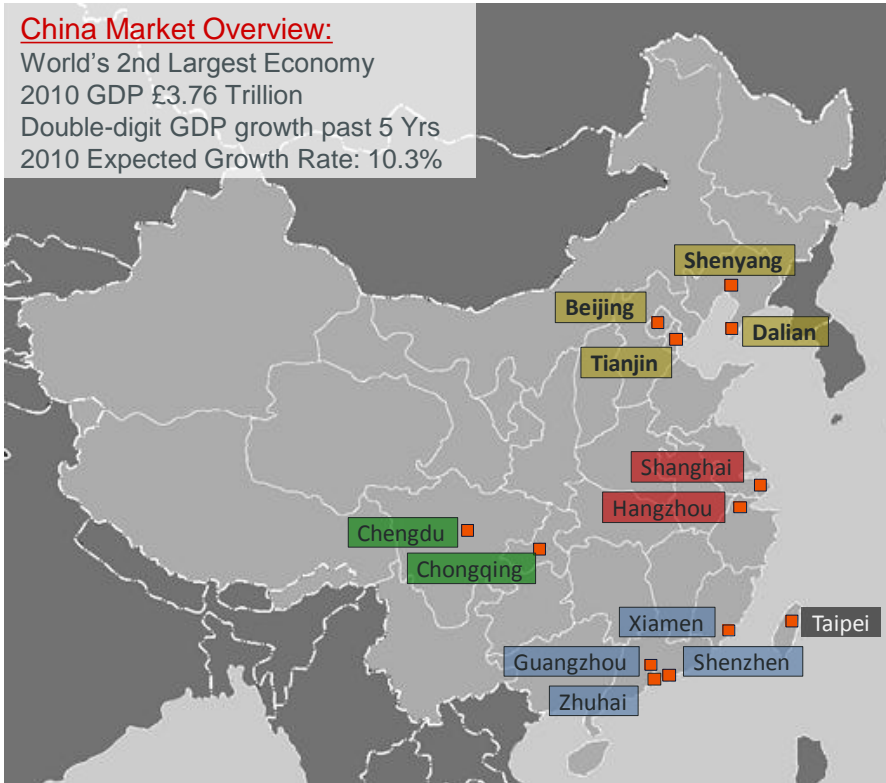
Mainland China

with Albert Lau - Head of China Operations

Savills China Overview – Geographical Breakdown

China Market Overview:

World's 2nd Largest Economy
 2010 GDP £3.76 Trillion
 Double-digit GDP growth past 5 Yrs
 2010 Expected Growth Rate: 10.3%



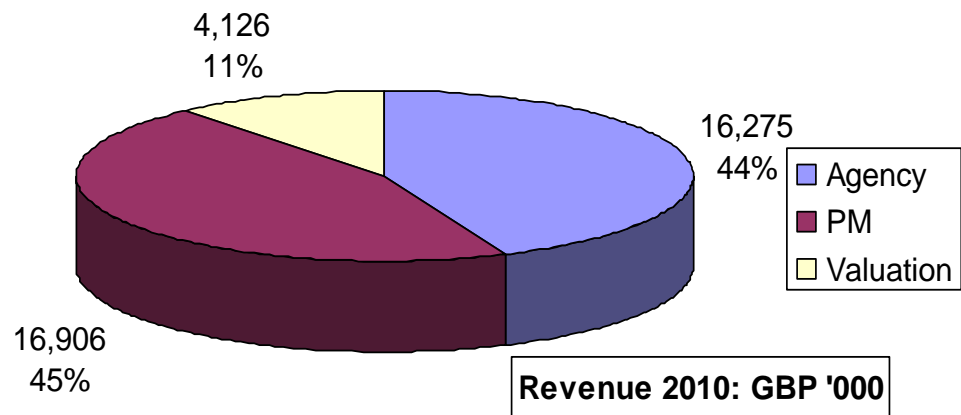
Region	City	# of Employees	Revenue ('000 GBP)
Eastern	Shanghai	901	14,501
	Hangzhou	5	
Northern China	Beijing	2,141	14,984
	Tianjin	38	
	Dalian	109	
	Shenyang	50	
Southern China	Guangzhou	398	6,036
	Shenzhen	111	
	Xiamen	10	
	Zhuhai	3	
Western China	Chengdu	174	1,737
	Chongqing	45	
TOTAL	12	3,985	37,307

- 124 cities with populations exceeding one million people (2009)
- Total population -1.3 billion

Leading market positions

- PM
- Retail
- Residential Sales
- Residential Leasing
- Consulting
- Investment
- Commercial

The strength Savills has in each of our chosen business lines supports a diversified stable revenue stream

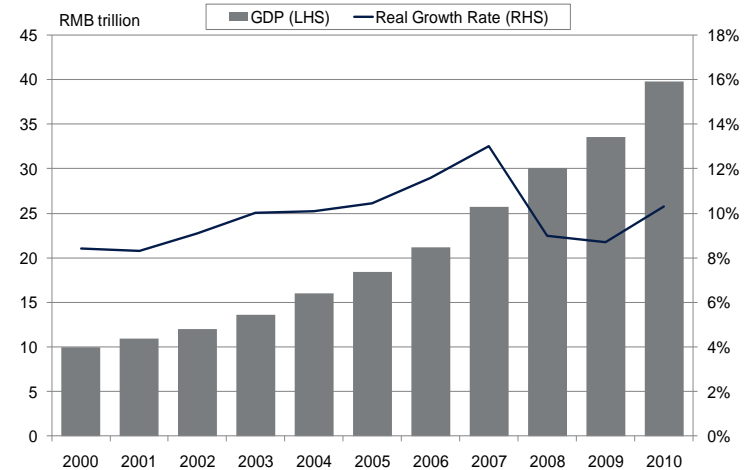


China Market Conditions – Economy

Spectacular growth in the economy & property market

- Booming economy – GBP3.76 trillion ▲10.3% (2010), now world's 2nd largest economy
- Focus on increasing domestic consumption - Retail sales growing rapidly
 - GBP1.46 trillion ▲ 14.8% (2010)
- Increasing wealth & rising incomes
 - ▲7.8% (2010)
- 16.5 million people migrating to urban centres per annum
- Property transactions exceed one billion sqm (2010)
- China property price continue to rise ▲7.3% (2010)

China GDP, 2000-2010



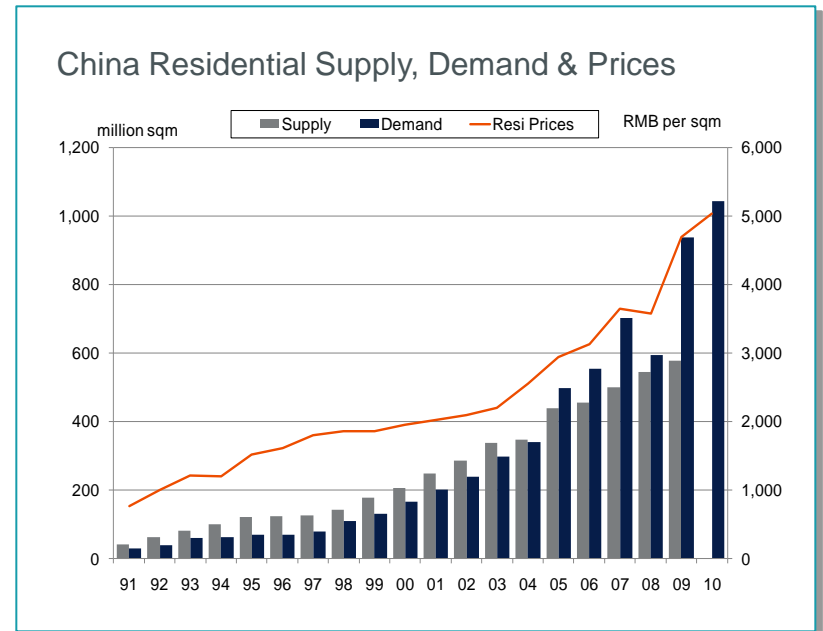
China Market Conditions – Property

Residential market – remaining active despite government regulations

- Fundamental drivers still intact (rising incomes & urbanisation)
- Transaction volumes reduced by government measures
- Prices maintained (Shanghai high-end: GBP1,100-1,800 per sqft)

Commercial market – strong recovery

- Record volumes of new take-up:
 - Beijing Grade A take-up: 11 million sqft
 - Shanghai Grade A take-up: 8 million sqft
- Company expansions accelerating
- Rents & capital values record strong rebound
 - Prime office rents up 15%
 - Capital values up 20%



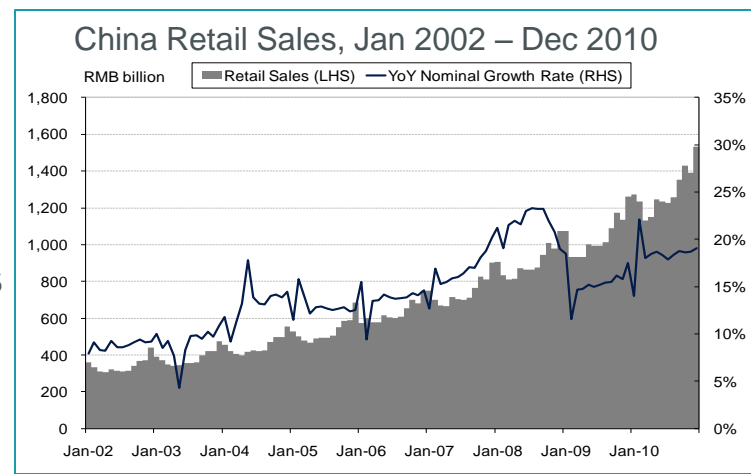
China Market Conditions – Property

Retail market – resilient growth

- Robust retail sales but more potential (household consumption equiv to 35% GDP)
- Insatiable appetite from retailers and consumers
- Vigorous rental growth

Investment market – emerging market

- Growing market (GBP104 billion transaction – 2010)
 - Deregulation (RMB funds, domestic insurers, and possibly REITs)
 - Domestic demand (80% of transactions 2010)
 - Liquidity (2010 loans: GBP800 billion)
 - Savings (Deposits Dec/2010: GBP7 trillion)
- Record low gross yields & still falling (Core markets: 4-6%)
- Shift to second tier cities – Savills expansion to reflect this



The government plays an active role in the China market:

- Deregulation of many sectors (finance, business & professional services)
- Encouraging domestic consumer demand (2009 GNS/GDP: >50%)
- Supporting economic growth & employment (stimulus package £350 billion)
- Regulating property market

Property regulations seen as negative - they are needed & are positive for the market:

- A young market needs guidance - prevention vs. treatment
- Minimizing speculative forces, but encouraging end user demand
- Primary focus is the residential market, office & retail unaffected.
- Regulating foreign investment but domestic investment is widespread & growing

Delivering growth - China

Continue to innovate / add additional lines

- Tenant Rep/Integrated corporate services
- Retail Centre Management

Investment

- Local investors (Private money, insurance companies, SOEs, domestic developers)
- Cross border deals (Hong Kong, Taiwan, Asia, Foreign Institutions)

Strata sales (Office & Residential sales)

- Leveraging off the success of Shanghai & expanding into the second hand market

PM & Guardian

- Organic growth of PM business in existing and new cities
- Rolling out Guardian services across our broad PM network

Summary

- A leading player in the region comprising local professionals
- Balanced range of service offerings/revenue streams
- Geographic footprint in both established and emerging economies (e.g. Hong Kong & Vietnam)
- Significant opportunities for medium and longer term growth as markets mature
- Savills pre-eminent position in Hong Kong provides strong base and leadership for growth of mainland China