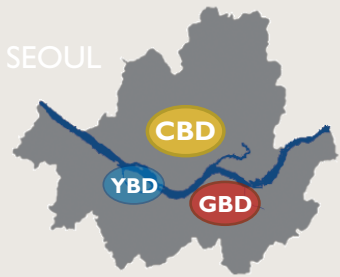




Office Snapshot

OFFICE MARKET | MAY | 2009



Global Recession is still affecting Seoul Office Market

GENERAL OVERVIEW

	Economic Indicators							
	Measure	1Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	April 2009
GDP	% Yr-on-Yr	4.42%	5.62%	4.17%	3.05%	-3.40%	-4.38%	-
CD rate (91-days)	% per annum	4.93%	5.46%	5.37%	5.69%	5.44%	2.77%	2.41%
Exchange rate	KRW/USD	939.13	956.92	1017.99	1066.09	1364.31	1418.30	1345.60
Unemployment rate	% rate	3.60%	3.40%	3.10%	3.10%	3.10%	3.80%	-
Consumer Price Index(CPI)	% Yr-on-Yr	1.93%	3.80%	4.10%	4.67%	4.70%	3.83%	-

Source: The Bank of Korea, Korea National Statistical Office

The economic environment in Korea in April 2009 demonstrated the extent of the impact of the global financial crisis since 4Q2008. The economic growth rate, which had previously risen consistently, is now in negative growth compared to the previous year, with the negative growth rate worsening during 1Q2009. A fall in GDP growth and rising unemployment represents the ripple effect of the global recession that will continue for some time, despite the Korean Government's efforts to revitalize the economy. The base rate, cut by the Bank of Korea (BOK), reached the lowest record of 2.00% in February 2009. The CD rate, which has a direct influence on the mortgage rate, is at 2.41%, which is also a large drop over last year's 5.46%.

RENTS

Since the CPI rose over 4% from 2Q2008, rental rates were expected to reflect an approximately 3% increase in 1Q2009, initiated by investor-owned buildings. However, due to decreasing demand and increasing vacancy rates, rentals have remained stable and are not expected to move beyond CPI on a quarterly basis.

In April 2009, as the range of rent increases was smaller than in previous quarters, the increases in rentals are also expected to shrink in 2Q2009.

	Grade A Office Average Net Rent (KRW / PY / Month)				
	1Q 2007	1Q 2008	4Q 2008*	1Q 2009	April 2009
Overall	70,781	74,711	71,971	74,575	75,116
% (Change)	5.55%	N/A	3.62%	0.73%	
CBD	84,768	87,666	83,342	87,101	88,234
%	3.42%	N/A	4.51%	1.30%	
GBD	75,885	79,722	77,102	79,259	79,718
%	5.06%	N/A	2.80%	0.58%	
YBD	51,690	56,745	55,468	57,364	57,395
%	9.78%	N/A	3.42%	0.05%	

* Note: Survey pool was increased to Top 110 Bldgs from Top 70 Bldgs.

Source: Colliers

In April 2009, as the range of rent increases was smaller than in previous quarters, the increases in rentals are also expected to shrink in 2Q2009. Landlords who are struggling with increasing vacancy rates may elect to fix their rental rates or offer incentives to entice new tenants. In some cases in the GBD, as the monthly rental is the most decisive factor in terms of the property's capitalization value, some landlords are asking for an increase in rentals, while offering such benefits a rent-free period, which may result in an eventual decrease in total rental levels.

MARKET SUMMARY

APRIL 2009

RENTAL



VACANCY



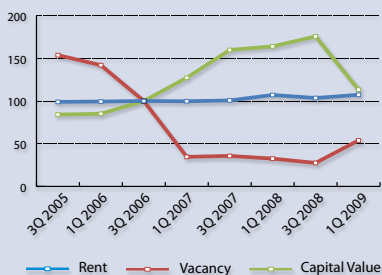
CAPITAL VALUE



Source: Colliers, Based on Seoul Top 110 Office Buildings

MARKET INDEX

Rent, Vacancy, Capital Value (Q3 2006=100)



VACANCY

In stark contrast to the office market of six months ago, the Seoul office market vacancy rate continues to increase, reaching its current level of 1.90%, although this is still considered an attractively low vacancy rate compared to other markets. Companies' restructuring and a significant business slowdown have led to a relatively rapid upward trend in the vacancy rate since 4Q2008. The occupants of Grade A buildings are considering resizing their leased area through negotiation with vendors, moving to down-graded office space, decentralizing or a combination of the above, causing the current rise in vacancy rates.

Grade A Office Vacancy Rate (%)					
	IQ 2007	IQ 2008	4Q 2008	IQ 2009	April 2009
Overall	0.72%	0.67%	0.57%	1.11%	1.90%
CBD	0.84%	0.80%	0.36%	0.79%	1.95%
GBD	0.54%	1.10%	0.82%	1.26%	2.44%
YBD	1.11%	0.12%	0.53%	1.29%	1.30%

Source : Colliers International Korea

Companies' restructuring and a business slowdown have led to a upward trend in the vacancy rate

The relatively rapid increase in the vacancy rate in GBD compared with other districts has resulted in diminishing demand from IT-related companies, which were considered the major tenants in the area. In addition, new locations, such as Guro, Bundang and DMC, are being considered alternative options in terms of cost saving, with Guro taking priority thanks to low rentals and tax benefits from the government. Conversely, YBD has shown the lowest increase in vacancy rates thanks to steady demand from other districts for its relatively low rental rates and the minimum impact of the restructuring of existing financial companies in the district.

CAPITAL VALUE

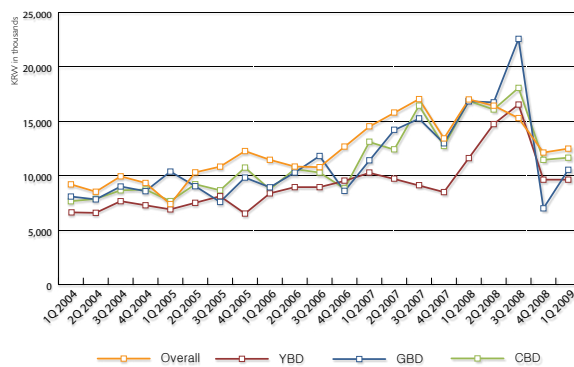
The capital value of Grade A office space in Seoul has dropped more than 30% from its peak in 3Q2008 due to slackening occupancy demand and expectations of a further fall in the rental growth rate in the remainder of 2009.

In particular, office capital value plummeted, experiencing the largest drop of 36.59% QoQ in 4Q2008. Most transactions are concentrated in the CBD and GBD areas, with none in the YBD in the past quarter. And GBD has shown the most fluctuation in capital value and in the number of cases over the past 2 years. However, since there have been no major transactions for prime grade buildings since 3Q2008, it is hard to derive the actual capital value of such buildings. The huge price drop will not appear for the rest of 2009, however, the downturned trend in capital value is not to change any time soon due to still effective global recession. ■

Grade A Office Capital Value* (KRW in thousands / PY)				
	IQ 2007	IQ 2008	4Q 2008	IQ 2009
Overall	13,089	16,866	18,063	11,650
% (Change)	28.84%	7.11%	-35.50%	
CBD	14,504	17,000	15,288	12,484
GBD	N/A	16,829	22,565	10,539
YBD	10,258	N/A	16,531	N/A

* Note : Based on more than 10,000 sq m size and KRW 5.0 billion sales price transaction

Source : Colliers International Korea



Seoul Grade A Office Capital Value, Q1 2004 - Q1 2009

302 OFFICES IN 61 COUNTRIES ON 6 CONTINENTS

USA 99
Canada 19
Latin America 18
Asia Pacific 71
EMEA 95

\$63.5 billion in annual transaction volume

80.64 million sq m under management

Over 11,000 Professionals

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