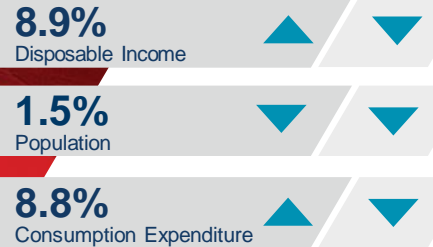


CHENGDU

Retail Q2 2020



Source: Statistics Bureau of Chengdu Municipality
(Figures are growth rates as of 2019.)

CHENGDU ECONOMIC INDICATORS 2020 Q1



Source: Statistics Bureau of Shenzhen Municipality

Retail Market is Recovering

Although the COVID-19 outbreak has negatively impacted the city's retail market, new projects still added 53,000 sq m of new retail supply, pushing up total stock to approximately 6.74 million sq m. As a stimulus to aid the market recovery, the Chengdu government issued shopping vouchers valued at RMB200 million in the Q2. With the pandemic coming under control domestically and people now more willing to go shopping the commercial environment and footfall traffic levels have begun to resume. However, some brands have surrendered leases due to financial cash flow difficulties. As a result, the citywide vacancy rate jumped 1.81 percentage points q-o-q to 7.97%. In response, most shopping mall landlords started to compress their rental expectations to achieve a stable occupancy rate, leading the city's average monthly rental level to drop 1.64% q-o-q to RMB 623.66 sq m.

Roadside Economy Development

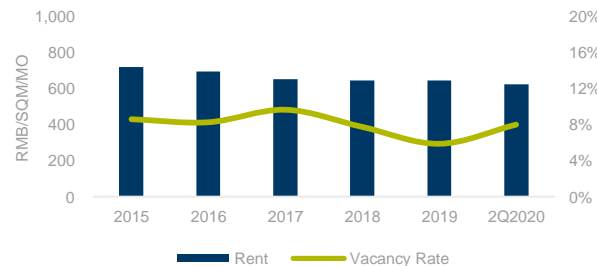
As a creative measure to accelerate recovery help boost spending, promotion of the Stall Economy is becoming prevalent. Some landlords are increasing revenues by creating new available leasing areas from outdoor spaces, such as in squares or on the street. The Stall Economy is expected to play an important economic role post-pandemic.

An Opportunity for Local Brands

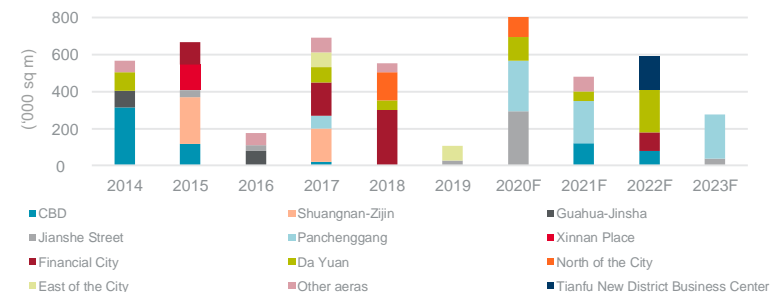
The pandemic has impacted business performance for mid-to high-end shopping malls in Chengdu, but it has also provided an opening for some local brands to take advantage of falling rents. Some mall landlords are expected to introduce local brands to hedge against growing vacancy rates in the short term.

Although the severity of the pandemic's impact is easing, approximately 800,000 million sq m of new prime retail supply through 2020 is in the pipeline. The new completions will likely push up the vacancy rate and place downward pressure on rents in the short run.

RENT / VACANCY RATE



RETAIL SUPPLY PIPELINE BY SUBMARKET



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	VACANT (SQM)	VACANCY RATE	UNDER CNSTR TILL 2023 (SQM)	OVERALL AVG RENT (RMB/SQMMO)*
CBD	1,304,956	161,992.66	12.4%	200,000	1,366.67
Shuangnan-Zijin	663,000	53,245.00	8.0%	-	576.67
Guanghua-Jinsha	306,171	9,040.00	3.0%	-	433.33
Jianshe Road	720,700	81,940.00	11.4%	139,000	359.38
Panchenggang	312,000	8,280.00	2.7%	740,000	737.50
Xinnan Tiandi	281,773	7,517.73	2.7%	-	747.22
Financial City	1,110,400	54,632.00	4.9%	100,000	511.90
Da Yuan	283,000	33,300.00	11.8%	410,000	361.11
North of the city	838,300	47,349.00	5.6%	120,000	444.44
East of the city	235,000	5,500.00	2.3%	180,000	388.89
Other areas	688,784	74,647.04	10.8%	80,000	478.57
CHENGDU TOTALS	6,744,084	537,443.43	8.0%	2,149,000	623.66

* Rental rates are calculated by NLA and considered as consistently achievable for prime space in prime shopping centers, excluding management fee, promotional fee and other fees.

SIGNIFICANT STORE OPENINGS Q2 2020

PROPERTY	SUBMARKET	TENANT	SECTOR
Merchants Garden City	Jianshe Road	Wenxuna Books	Bookstore
Sino-Ocean Taikoo Li Chengdu	CBD	Elephant Grounds	F&B
Sino-Ocean Taikoo Li Chengdu	CBD	Yohji Yamamoto	Retail

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	EXPECTED OPENING DATE	SQM
Taihe Project	Panchenggang	2020	70,000
Star Plaza	CBD	2021	120,000
MIXC (II)	Panchenggang	2021	180,000
Chengdu Magic Cube	Financial City	2022	100,000
WE City	Panchenggang	2023	100,000

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