

INDUSTRY OVERVIEW

We have extracted and derived the information and statistics in the section below from various official government publications and the market research report JLL prepared for us as described below. While we have taken reasonable care in the extraction, compilation and reproduction of information and statistics from official government publications, neither we nor any of our respective affiliates or advisors, nor any party involved have independently verified such information and statistics directly or indirectly derived from official government publications or make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside China.

We have engaged JLL, an independent and qualified market research consulting firm, to conduct a detailed analysis of the property markets in Fuzhou, Qingdao, Zhengzhou, Taicang, Wuxi, Tai'an, Luoyang, Bengbu, Haiyang, Suqian, Xinxiang, Yancheng and Changzhou, covering residential and retail markets. Based on its analysis, JLL prepared a market research report which consists of:

- an overview of the economy in the regions in which we operate;
- an overview of the characteristics of residential and retail sectors in the markets in which we operate; and
- the historical trends of demand.

JLL is a reputable and leading property and corporate facility management services provider in the world with 225 years of experience in the provision of property market research consultancy services.

The market research report which JLL has prepared was based on various official government publications, numerous site visits and interviews, as well as the data base of CEIC Data Company Ltd. (“CEIC”). CEIC is a financial information services company which specializes in providing economic research in relation to emerging and developed markets. CEIC is an independent third party to us. We have included certain information from the market research report of JLL in this section so as to provide our potential investors with a more comprehensive presentation of the industry in which we operate. In connection with the market research services provided, we have paid a fee of approximately Rmb 1.7 million to JLL.

CHINA OVERALL

China's economy has been growing strongly since the implementation of an open door policy in 1978. China's accession to the World Trade Organization in 2001 has further accelerated the reform and growth of the PRC economy.

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The table below sets forth selected economic statistics for China for the years indicated:

	2002	2003	2004	2005	2006	2007	2008	First half of 2009	CAGR ¹ (2002– 2008)
Urban Population (million) . .	502.1	523.8	542.8	562.1	577.1	593.8	606.7	N/A	3.2%
Total Population (million) . . .	1,284.5	1,292.3	1,299.9	1,307.6	1,314.5	1,321.3	1,328.0	N/A	0.6%
Nominal GDP (Rmb billion) . .	12,033.3	13,582.3	15,987.8	18,321.8	21,192.4	25,730.6	30,067.0	13,986.2	16.5%
Nominal GDP per Capita (Rmb)	9,398	10,542	12,336	14,053	16,165	19,524	22,698	N/A	15.8%
Urban Consumer Expenditure per Capita (Rmb)	6,029.9	6,510.9	7,182.1	7,942.9	8,696.6	9,997.5	11,242.9	N/A	10.9%
Total Savings of Urban Households (Rmb billion)	7,150.5	8,544.0	9,878.9	11,644.5	13,278.2	13,948.4	N/A	N/A	14.3% ²
Investment in Real Estate (Rmb billion)	779	1,015	1,316	1,591	1,942	2,529	3,058	1,451	25.6%

Source: National Bureau of Statistics of China, PBOC, CEIC

Before the global financial crisis, which caused the global economy to enter into recession in late 2008, China experienced substantial growth in its annual real GDP from 2003 to 2007, and for the first half of 2008 (10.4% year-on-year)³. Between 2003 and 2007, China’s real GDP increased at an average annual growth rate of approximately 11.0%, making China one of the fastest growing major economies in the world. However, in the second half of 2008 China’s economy slowed down, expanding only 9.0% year-on-year due to the general global financial crisis.

In the second quarter of 2009, China’s economy regained its growth momentum due to the PRC central government’s Rmb 4 trillion stimulus package. Its real GDP in the second quarter of 2009 was 7.9% year-on-year compared to 6.1% year-on-year in the first quarter of 2009. For the first half of 2009, China’s real GDP increased by 7.1% year-on-year³. As shown in the table below, the cities where the Company has interests were, in general, enjoying higher growth rates than the PRC national average real GDP growth in recent years. This situation remained unchanged in the first half of 2009 (for cities where such data is available as of the Latest Practicable Date).

¹ Compound Annual Growth Rate (CAGR) is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.

² CAGR for Total Savings of Urban Households is for the period from 2002 to 2007.

³ Source: National Bureau of Statistics of China

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The table below sets forth the nominal GDP and the real GDP year-on-year growth rate for China and cities in which the Company’s projects are located for the periods indicated:

	2002		2003		2004		2005		2006		2007		2008		First half of 2009	
	Nominal GDP (Rmb billion)	Real Growth rate (%)	Nominal GDP (Rmb billion)	Real Growth rate (%)	Nominal GDP (Rmb billion)	Real Growth rate (%)	Nominal GDP (Rmb billion)	Real Growth rate (%)	Nominal GDP (Rmb billion)	Real Growth rate (%)	Nominal GDP (Rmb billion)	Real Growth rate (%)	Nominal GDP (Rmb billion)	Real Growth rate (%)	Nominal GDP (Rmb billion)	Real Growth rate (%)
China	12,033.3	9.1	13,582.3	10.0	15,987.8	10.1	18,321.8	10.4	21,192.4	11.7	25,730.6	13.0	30,067.0	9.0	13,986.2	7.1
Fuzhou	101.2	10.2	116.2	13.6	133.5	12.7	147.6	9.6	165.7	12.3	197.4	15.1	228.4	13.0	99.8	9.8
Qingdao	151.8	14.6	178.0	15.9	216.4	16.8	269.6	16.9	320.7	15.7	378.7	16.0	443.6	13.2	228.2	10.5
Zhengzhou	92.8	11.0	107.4	14.8	133.5	15.7	166.1	16.0	201.4	16.0	248.7	15.9	300.4	12.2	152.4	7.3
Taichang	18.0	14.0	21.0	14.0	24.8	13.5	29.5	16.1	36.7	23.0	44.0	18.5	52.8	14.6	29.1	11.6
Wuxi	153.4	13.1	183.3	15.4	225.1	17.4	280.5	15.1	330.1	15.3	385.9	15.3	442.0	12.4	230.2	10.4
Tai'an	51.5	13.9	60.4	16.1	73.2	16.4	85.6	17.2	101.8	16.5	122.6	16.1	151.3	13.4	N/A	N/A
Luoyang	53.5	11.0	68.6	16.6	90.5	16.2	111.2	15.1	133.3	15.7	159.5	16.2	192.0	14.4	89.6	9.7
Bengbu	20.2	10.9	22.1	6.6	28.2	18.5	31.2	10.4	34.7	12.5	41.0	13.5	48.6	11.0	24.2	10.6
Haiyang	5.8	17.2	6.9	17.5	8.3	16.1	10.1	18.1	12.0	15.8	14.3	16.6	18.2	16.1	9.3	12.0
Suqian	24.7	11.5	27.8	12.1	33.6	13.8	38.7	14.5	45.4	15.0	54.2	15.2	60.5	13.3	N/A	N/A
Xinxiang	33.3	10.0	36.9	13.5	45.0	14.6	54.4	14.1	64.0	14.5	77.8	16.0	94.9	13.9	N/A	N/A
Yancheng	62.7	11.4	69.6	13.0	82.0	14.0	100.5	14.3	117.4	15.1	136.8	15.0	160.3	13.2	N/A	N/A
Changzhou	76.1	12.4	90.1	14.5	110.1	15.5	130.3	15.1	156.9	15.2	188.1	15.6	220.2	12.4	116.7	10.7

Source: National Bureau of Statistics of China, Statistical Bureaus of the PRC cities included in the table, CEIC

The table below sets forth the Nominal GDP per capita and their year-on-year growth rate for the periods indicated.

	2002		2003		2004		2005		2006		2007		2008		First half of 2009	
	Nominal GDP per capita (Rmb)	Growth rate (%)	Nominal GDP per capita (Rmb)	Growth rate (%)	Nominal GDP per capita (Rmb)	Growth rate (%)	Nominal GDP per capita (Rmb)	Growth rate (%)	Nominal GDP per capita (Rmb)	Growth rate (%)	Nominal GDP per capita (Rmb)	Growth rate (%)	Nominal GDP per capita (Rmb)	Growth rate (%)	Nominal GDP per capita (Rmb)	Growth rate (%)
China	9,398	9.0	10,542	12.2	12,336	17.0	14,053	13.9	16,165	15.0	19,524	20.8	22,698	16.3	N/A	N/A
Fuzhou	16,901	6.7	17,695	4.7	20,292	14.7	22,301	9.9	24,841	11.4	29,318	18.0	33,615	14.7	N/A	N/A
Qingdao	20,655	13.9	23,986	16.1	28,540	19.0	33,188	16.3	38,892	17.2	45,399	16.7	52,677	16.0	N/A	N/A
Zhengzhou	13,604	10.3	15,507	14.0	18,995	22.5	23,320	22.8	27,956	19.9	34,063	21.8	40,617	19.2	N/A	N/A
Taichang	40,096	14.0	46,644	16.3	54,815	17.5	64,679	18.0	64,411	-0.4	70,590	9.6	79,449	12.5	N/A	N/A
Wuxi	35,087	14.9	41,616	18.6	50,592	21.6	50,958	0.7	57,719	13.2	65,212	13.0	73,053	12.0	N/A	N/A
Tai'an	9,458	14.4	11,043	16.8	13,341	20.8	15,547	16.5	18,872	21.4	22,617	19.8	27,794	22.9	N/A	N/A
Luoyang	8,489	14.3	10,823	27.5	14,204	31.2	17,486	23.1	20,979	20.0	25,120	19.7	30,080	19.7	N/A	N/A
Bengbu	5,896	10.5	6,425	9.0	8,145	26.8	8,975	10.2	9,876	10.0	11,577	17.2	13,632	17.8	N/A	N/A
Haiyang	8,462	N/A	10,195	20.5	12,285	20.5	15,830	28.9	17,950	13.4	21,530	19.9	N/A	N/A	N/A	N/A
Suqian	4,826	10.3	5,400	11.9	6,462	19.7	7,399	14.5	9,233	24.8	11,178	21.1	12,289	9.9	N/A	N/A
Xinxiang	6,139	9.5	6,763	10.1	8,209	21.4	9,876	20.3	11,557	17.0	14,095	22.0	16,955	20.3	N/A	N/A
Yancheng	7,884	9.3	8,739	10.8	10,427	19.3	12,849	23.2	15,177	18.1	18,000	18.6	21,233	18.0	N/A	N/A
Changzhou	22,215	12.7	26,149	17.7	31,665	21.1	31,997	1.0	37,435	17.0	43,695	16.7	50,283	15.1	N/A	N/A

Source: National Bureau of Statistics of China, Statistics Bureaus of the PRC cities included in the table, CEIC

Note: Nominal GDP Per Capita for—

Fuzhou is based on registered population for the period from 2002 to 2003 and based on resident population for the period from 2004 to 2008. According to the Regulation of People’s Republic of China on Residence Registration 《中華人民共和國戶口登記條例》, registered population refers to the population with residence registration in the specific area, regardless whether they are living in the specific area on the reference date. According to the China Population and Development Research Centre, resident population refers to the number of persons living within a specific area at the reference point of time.

Qingdao, Bengbu, Haiyang, Suqian, Xinxiang and Yancheng are based on registered population.

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Zhengzhou and Tai'an are based on resident population.

Taichang and Luoyang are based on registered population for the period from 2002 to 2005 and based on resident population for the period from 2006 to 2008.

Wuxi and Changzhou is based on registered population for the period from 2002 to 2004 and based on resident population for the period from 2005 to 2008.

China's economic growth has been mainly driven by investment, private consumption and net exports. According to the National Bureau of Statistics of China, the share of GDP growth contributed by investment between 2002 and 2008 was on average 47.5%, while consumption expenditure contributed an average of 40.1%, with the remaining 12.4% being contributed by net exports over the period. The contraction in foreign demand in 2008 decreased the share of net exports to nominal GDP growth to only 9.2% as compared to 19.7% in 2007.

The table below shows the share of nominal GDP growth for the periods indicated:

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2002– 2008 Average</u>
Consumption								
Expenditure (%)	43.6	35.3	38.7	38.2	38.7	40.6	45.7	40.1
Investment (%)	48.8	63.7	55.3	37.7	42.0	39.7	45.1	47.5
Net Export (%)	<u>7.6</u>	<u>1.0</u>	<u>6.0</u>	<u>24.1</u>	<u>19.3</u>	<u>19.7</u>	<u>9.2</u>	<u>12.4</u>
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: National Bureau of Statistics of China, CEIC

REGULATORY DEVELOPMENT OF REAL ESTATE MARKETS IN CHINA

Since 2004, in order to prevent China's economy from expanding too rapidly and to achieve balanced and sustainable economic growth, the PRC government has implemented measures to control money supply, credit availability and fixed assets investment. The PRC government has also implemented measures to discourage speculation in the residential property market and to increase the supply of affordable housing rather than high-end residential properties. In response to concerns over the scale of the increase in property investment, the PRC government has introduced policies to restrict future development, including:

- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- requiring real estate developers to finance 35% rather than 20% of the total projected capital outlay of any property development with their own capital funds;

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- increasing the required reserve ratio of funds that a commercial bank must hold on deposit from 7.5% in the first half of 2006 to 17.5% in June 2008, effectively reducing the amount of money a bank is able to lend; and
- tightening regulations, governing mortgage lending and restricting approval of new large-scale development zones.

In April 2005, the Ministry of Construction and other relevant PRC government authorities jointly issued the Opinions on Stabilizing Property Prices followed by a set of new measures to tackle the overheating of the real estate industry. The new policies include:

- a business tax levy on the sales proceeds subject to the length of holding period and type of properties commencing from June 1, 2005;
- a ban on onward transfer of uncompleted properties;
- strict enforcement of the imposition of a land idle fee for land which has not been developed for one year or longer starting from the commencement date stipulated in the land grant contract and cancelation of land use rights for land idle for two years or longer;
- a stop order and cancelation for projects not in compliance with the planning permits; and
- a ban on land provision for villa construction and a restriction on land provision for high-end residential property construction.

On May 24, 2006, the Ministry of Construction, NDRC, PBOC and other relevant PRC government authorities jointly issued the Opinions on Housing Supply Structure and Stabilization of Property Prices. Such opinions reiterated the existing measures and introduced new measures to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures, among others, include:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low-to medium-cost, small- to medium-size units and low-cost rental properties;
- requiring that at least 70% of residential project's GFA approved or constructed on or after June 1, 2006 must consist of units with a unit floor area (套型建築面積) of less than 90 square meters per unit and those projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying property unless the underlying property is for self-residence and consists of a unit floor area of 90 square meters or less, effective from June 1, 2006;

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- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the extension of loans and the grant of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for their loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

On May 30, 2006, the Ministry of Land and Resources published an urgent notice to tighten up land administration. In this notice, the Ministry of Land and Resources stressed that local governments must adhere to their annual overall land use planning and land supply plans and tighten the control on land supply for non-agricultural use. The notice requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing. In this notice, the Ministry of Land and Resources also requires the local governments to conduct thorough investigations of illegal land use and submit a report on such investigations to it by the end of October 2006.

On July 11, 2006, the Ministry of Construction, the Ministry of Commerce, NDRC, PBOC, SAIC and SAFE jointly promulgated the Opinions on Foreign Investment in Property. Such opinions set out the regulations on the investment in properties in China by overseas entities or individuals other than for self-residence, including that:

- an overseas entity or individual investing in property shall apply for the establishment of a foreign-invested real estate enterprise ("FIREE") and shall only conduct operations within the authorized business scope;
- the registered capital of a FIREE with a total investment of US\$10 million or above shall not be less than 50% of its total investment amount;
- a newly established FIREE can only obtain an approval certificate and business license that is valid for one year. The approval certificate and business license can be obtained by submitting the land use rights certificate to the relevant government authorities after the land grant premium has been paid;
- an equity transfer of a FIREE or the transfer of its projects, as well as the acquisition of a domestic property enterprise by foreign investors, must first be approved by the Ministry of Commerce or its local counterpart. The foreign investors acquiring a domestic property enterprise through an equity transfer or acquiring equity interest from a Chinese partner in an equity joint venture shall pay the purchase price in one lump sum from its own capital;

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- if the registered capital of a FIREE is not fully paid up, its land use rights certificate has not been obtained or the paid-in capital is less than 35% of the total investment amount of the project, the FIREE is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans;
- the investors in a FIREE shall not in any manner stipulate a fixed return clause or equivalent clause in their joint venture contract or in any other documents; and
- a branch or representative office established by a foreign investor in China (other than a FIREE), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity residential properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau, Taiwan and overseas Chinese may purchase commodity residential properties of a stipulated floor area based on their living requirements in the PRC for self-residence purposes.

On December 28, 2006, the State Administration of Taxation promulgated the “Circular Concerning the Settlement of the LAT Imposed on Real Property Developers” (the “Circular”). Pursuant to the Circular, effective from February 1, 2007, a real property developer is to settle the relevant LAT payment of its property development projects with the tax authorities in accordance with the applicable LAT tax rates. The LAT shall be settled for projects approved by the authorities and for projects developed in different stages, and the LAT shall be settled in stages. LAT must be paid if a project meets any of the following requirements:

- the property development project has been completed and sold out;
- the entire uncompleted and unsettled development project is transferred; or
- the land use rights of the relevant project are transferred.

In addition, the competent tax authorities may require a property developer to settle the LAT in any of the following circumstances:

- for completed property development projects, the transferred GFA represents more than 85% of the total saleable GFA, or the proportion represented is less than 85%, and the remaining saleable GFA has been leased out or used by the developer;
- the project has not been sold out for more than three years after obtaining the sale or pre-sale permits;
- the developer applies for cancelation of the tax registration without having settled the LAT; or
- other conditions stipulated by the competent tax authorities.

The tax bureaus at the provincial level shall, taking into account of the local practical conditions, stipulate specific rules or measures in relation to the management of the LAT settlement in accordance with the Circular.

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In September 2007, the PBOC and the CBRC jointly issued the Notice on Strengthening the Administration of Commercial Real Estate Credit Loans 《關於加強商業性房地產信貸管理的通知》 to further regulate the management of credit loans for commercial real estate. These measures include:

- prohibiting commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land use rights certificate, construction land use planning permit, construction planning permit and a construction permit;
- prohibiting commercial banks from lending to property developers solely for the payment of land premium;
- requiring banks to support funding needs of purchaser purchasing their first self-occupied flat, and to grant loans only to purchasers who have purchased flats which have been topped out;
- the minimum down payment for a self-occupied flat with a GFA of less than 90 square meters per unit shall not be less than 20%. The minimum amount of down payment for a self-occupied flat with a GFA of over 90 square meters per unit shall not be less than 30%. The minimum down payment payable by an individual who has obtained a mortgage to purchase the second (or more) flat shall not be less than 40%. The loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC, and the minimum amount of down payment and interest rate shall significantly increase with the number of flats purchased;
- commercial properties purchased by loans shall have been completed and passed the completion acceptance inspection; and
- for commercial properties, the minimum down payment shall not be less than 50%, the loan term shall not exceed 10 years and the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC. For combined commercial and residential properties, the minimum down payment shall not be less than 45% and the term and interest rate shall be determined according to the administrative regulations of commercial property loans.

On January 3, 2008, the State Council issued a Notice on Promoting Economization of Land Use 《關於促進節約集約用地的通知》 with respect to the collection of additional land premium, establishment of a land utilization priority planning scheme and the formulation of a system for assessing the optimal use of land and other measures. The notice urges the full and effective use of existing construction land and the preservation of farming land. The notice also emphasizes the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, with such idle land fee charged at 20% of the land grant premium. The notice further urges the financial institutions to exercise caution when they process loan applications from property developers that have failed to commence construction, to complete development of at least one third of the land area or to invest at least 25% of the total investment within one year of the construction date provided in the land grant contract. The notice informs that the relevant government authorities will formulate and issue further rules and regulations on such requirements.

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In July 2008, PBOC and CBRC issued a notice on Promoting Economical and Intensive Utilization of Land Through Financing 《關於金融促進節約集約用地的通知》. According to the requirement under the notice, real estate developers applying for loans from financial institutions by way of mortgage should have the legitimate land use rights certificates, the maximum amount of the mortgage offered by the financial institution should not be more than 70% of the assessed value of the collateral and the loan term should not exceed two years in principle.

On October 22, 2008, PBOC promulgated the Notice on Several Issues regarding the Expansion of Downward Floating Interest Rate for Individual Commercial Housing Loans 《關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》 which provides that, effective from October 27, 2008, the minimum down payment for commercial individual housing loans is adjusted to 20% of the purchase price with the minimum mortgage loan interest rate adjusted to 70% of the relevant PBOC benchmark interest rate. The notice also provides that including:

- loan interest rate and down payment ratio granted by the financial institutions to their clients shall be determined based on a number of factors whether the borrower is a first time home buyer, whether the house is used for self-occupancy, whether the type of house and its GFA conform to an ordinary residential house, and other risk factors such as the borrower's credit record and repayment capacity;
- financial institutions may provide preferential treatments on loan interest rate and down payment ratio to residents for the purchase of their first ordinary self-occupied houses and improved ordinary self-occupied houses. For non-self-occupied houses and non-ordinary residential houses, financial institutions may raise the loan conditions;
- as to commercial individual housing loans granted, financial institutions shall determine the interest rate for the outstanding portion of the loan, on the basis of reasonable assessment of loan risks and according to the original loan agreements. The down payment ratio under the original loan agreements shall remain effective; and
- the policy that the borrower's monthly expenditure on repayment of housing loans shall not exceed 50% of such borrower's monthly income remains unchanged.

In December 2008, the General Office of the State Council released Several Opinions on Facilitating the Healthy Development of the Real Estate Market 《關於促進房地產市場健康發展的若干意見》, and the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on the Policy of Business Tax on Re-sale of Personal Residential Properties 《關於個人住房轉讓營業稅政策的通知》 to encourage the purchase of ordinary residential properties and support real estate development in response to market changes, including:

- effective between January 1, 2009 and December 31, 2009, business tax will be imposed according to the sale price on transfers of non-ordinary residential properties that occur within two years, instead of five years as required previously, from their purchase dates;
- for ordinary residential properties, business tax is exempted if they are transferred after two years from the purchase dates;
- for transfers of non-ordinary residential properties two years after their purchase dates and ordinary residential properties within two years of their purchase dates, business tax is levied on the balance between the relevant sale prices and purchase prices;

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- individuals with existing ordinary residential properties smaller than the average local ordinary residential property size may buy second ordinary residential properties with the favorable loan terms available to first-time buyers; and
- the government will provide support to real estate development to respond to changing market conditions, including increasing credit financing to “low-to-medium-priced” or “small-to-medium-sized” ordinary commodity housing projects, particularly those under construction, and providing financial support to real estate developers with good credit standing for merger and acquisition activities.

In May 2009, the State Council issued the Notice on Adjusting the Portion of Capital for Fixed Assets Investment 《國務院關於調整固定資產投資項目資本金比例的通知》. Under the notice, the capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the capital ratio for other types of properties is adjusted from 35% to 30%.

For further details of the regulatory regime of the PRC property sector, please refer to “Summary of PRC Laws Relating to the Property Sector” in Appendix VI to this document.

REAL ESTATE REFORM

Reform of the PRC property market did not commence until the late 1980s. Prior to such reform, the PRC real estate development industry was part of the nation’s centrally planned economy. In the 1990s, the PRC government initiated housing reforms that transformed China’s real estate and housing sector to a market-based system. A brief timeline of key housing reforms is set out below:

1988	The NPC amended the national constitution to permit the transfer of state-owned land use rights
1992	Public housing sales in major cities commenced
1994	The PRC government further implemented the reform and established an employer/employee-funded housing fund
	The PRC government issued a regulation regarding pre-sale of commodity housing in cities
1995	The PRC government issued regulations regarding the transfer of real estate, establishing a regulatory framework for real estate sales
1998	The PRC government abolished the state-allocated housing policy
1999	The PRC government extended the maximum mortgage term to 30 years
	The PRC government increased maximum mortgage financing from 70% to 80%
	The PRC government formalized procedures for the sale of real property in the secondary market

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- 2000 The PRC government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality
- 2001 The PRC government issued regulations relating to sales of commodity properties
- 2002 The PRC government promulgated the Rules Regarding the Grant of State-owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale
- The PRC government eliminated the dual system for domestic and overseas home buyers in China
- 2003 The PRC government promulgated rules for more stringent administration of real estate financing for the purpose of reducing the credit and systemic risks associated with such financing
- The State Council issued a notice for sustained and healthy development of the real estate market
- 2004 The State Council issued a notice to require that real estate development projects (excluding affordable housing programs) be financed by developers themselves from their capital funds with respect to 35%, rather than 20%, of the total projected capital outlay for such projects
- The Ministry of Construction amended Administrative Measures on the Pre-sale of Commodity Housing in Cities
- CBRC issued the Guideline for Commercial Banks on Risks of Real Estate Loans to further strengthen the risk control of commercial banks over their real estate financing
- 2005 The PRC government instituted additional measures to discourage speculation in real properties such as increasing the minimum down payment to 30% of the total purchase price in some cities where the housing price increased too fast, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% on the proceeds from sales that occur within two years of purchase and prohibiting resale of unfinished properties
- 2006 The PRC government implemented additional land supply, bank financing and other measures to curb fast increases in property prices, to encourage the development of middle- to low-end housing and to promote healthy development of the PRC property industry
- 2007 The PRC government issued regulations to increase the annual land use tax and also to impose such land use tax on foreign-invested enterprises

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The Ministry of Land and Resources issued instructions that land use rights certificates may not be issued unless and until all land premium has been paid with respect to the whole land lot under a land grant contract, which has effectively stopped the practice of issuing land use rights certificates in installments

2008 In late 2008, the PRC government implemented measures to encourage the purchase of ordinary residential housing, such as decreasing the minimum down payment to 20%, implementing preferential policies in relation to loan interest rate and providing business tax relief in relation to real property transfers

2009 The State Council issued a notice which provides that the capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the capital ratio for other types of properties is adjusted from 35% to 30%

For additional information on housing reforms and recent regulatory developments, see “Summary of PRC Laws Relating to the Property Sector” in Appendix VI to this document.

Housing reforms, economic growth in China, emergence of the mortgage lending market and urbanization, are key factors in the growth and substantiality of China’s real estate market. These factors and other government housing reform measures will continue to encourage private housing ownership in China. According to the National Bureau of Statistics of China, China’s urbanization rate, i.e., the proportion of the population residing in urban areas, rose from approximately 39.1% in 2002 to approximately 45.7% in 2008. Increases in the urban population of China will likely result in increases in demand for residential properties. The table below describes China’s urbanization rate for the periods indicated.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Urban Population (million)	502.1	523.8	542.8	562.1	577.1	593.8	606.7
Total Population (million)	1,284.5	1,292.3	1,299.9	1,307.6	1,314.5	1,321.3	1,328.0
Urbanization Rate (%)	39.1	40.5	41.8	43.0	43.9	44.9	45.7

Source: National Bureau of Statistics of China, CEIC

GROWTH OF REAL ESTATE MARKETS

Demand for real estate in China has increased steadily over the past seven years. According to the National Bureau of Statistics of China, total sales of commercial buildings in China increased from about Rmb 603 billion in 2002 to about Rmb 2,407 billion in 2008. During the same period, the total GFA sold in China has increased from approximately 268.1 million square meters in 2002 to approximately 620.9 million square meters in 2008. Of the GFA sold in 2008, approximately 558.9 million square meters were residential properties, representing a

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decrease of approximately 20.3% over 2007; the relative decrease was partly due to the adverse impact of the global financial crisis on China's real estate market. Data for the aggregate residential GFA sold in the first half of 2009 is currently not available.

GFA Sold in China (2002 to the first half of 2009)

	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾
Total GFA Sold (sq.m. million)	268.1	337.2	453.6	554.9	618.6	773.5	620.9	341.1
Residential GFA Sold (sq.m. million)	237.0	297.8	397.2	495.9	554.2	701.4	558.9	N/A

Source: National Bureau of Statistics of China, CEIC

Note: (1) Represents preliminary data which is subject to change

According to the National Bureau of Statistics of China, the average price of overall properties sold in China increased from Rmb 2,250 per square meter in 2002 to Rmb 4,632 per square meter in the first half of 2009. During the same period, the average price of residential properties sold increased from Rmb 2,092 per square meter to Rmb 4,460 per square meter. The CAGR of residential prices between 2002 and 2008 was 9.7%, which was negatively affected by a mere 0.3% gain in 2008. However, the real estate market regained momentum in the first half of 2009 with average property price and average residential price surging by 19.5% and 22.0% from the end of 2008, respectively.

Average Property Prices in China (2002 to the first half of 2009)

	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾
Average Price of Properties (Rmb/sq.m.)	2,250	2,359	2,778	3,168	3,367	3,864	3,877	4,632
Average Price of Residential Properties (Rmb/sq.m.)	2,092	2,197	2,608	2,937	3,119	3,645	3,655	4,460

Source: National Bureau of Statistics of China, CEIC

Note: (1) Represents preliminary data which is subject to change

According to PBOC, the aggregate balance of outstanding mortgage loans for residential properties in China grew from approximately Rmb 825 billion in 2002 to approximately Rmb 2,980 billion in 2008, reflecting the nation's strong residential demand growth over recent years.

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The aggregate balance of outstanding residential mortgage loans escalated further to reach Rmb 3,860 billion at the end of the first half of 2009.

Housing Mortgage Loans in China (2002 to the first half of 2009)

	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Total Mortgage Loans Outstanding (Rmb billion)	825	1,178	1,600	1,840	2,250	2,764	2,980	3,860

Source: PBOC, CEIC

FUZHOU

Fuzhou, the capital city of Fujian Province, is located on the south-east coast of China. Fuzhou is the political, economic and cultural center of Fujian Province, and is also an important port for China. It is one of China’s largest cities, which is in close proximity to Taiwan. It consists of two sub-cities, six counties and five districts including Taijiang, Gulou, Cangshan, Mawei and Jin’an. Fuzhou covers a total land area of approximately 11,968 square kilometers and had a total registered population of approximately 6.4 million at the end of 2008.

The Fuzhou government invested heavily in the construction of railways and highways during the 10th Five-Year Plan period. A total of 160.5 kilometers has been added to the city’s highway system and the Wenzhou-Fuzhou and Fuzhou-Xiamen Railway lines are expected to be ready for operation by the end of 2009. The construction of a new metro system in Fuzhou has been approved with a total length of 55.3 kilometers. The construction of the first line, which connects Jin’an, Gulou, Taijiang and Cangshan, will commence in 2010 and is expected to be completed in 2014.

Under the 11th Five-Year Plan, the Fuzhou government aims to strengthen its industrial sector. Textile, electronics, automobile and component manufacturing are expected to form the pillar industries of Fuzhou. At the same time, the local government aims to increase the contribution by the services sector to Fuzhou’s economy. The key growth engines are expected to be logistics, commerce, real estate, tourism and finance.

After the removal of barriers between China and Taiwan’s direct transportation, trade and postal services in December 2008, the central government announced that it intends to speed up the development of the Western Straits Economic Zone in May 2009. The plan is to integrate the economies in the southern provinces with that of Taiwan’s economy; the initial efforts of which is expected to be the development of high-tech industrial parks, the establishment of outsourcing links across the Taiwan Strait, and the enlargement of the scope of investment from Taiwan.

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Local Planning

According to JLL, the local government plans to develop Taijiang into the new CBD of Fuzhou by redeveloping the areas alongside Chating Street adjacent to Gulou District in the current CBD. Fuzhou Powerlong City Plaza is just a five-minute drive from Chating Street.

The government plans to improve the area’s public infrastructure, including the re-zoning of some of the ex-manufacturing facilities to be used for commercial and public open space. JLL understands the ex-monosodium glutamate factory next to Fuzhou Powerlong City Plaza, for instance, is now planned to be redeveloped into a shopping mall with public green areas.

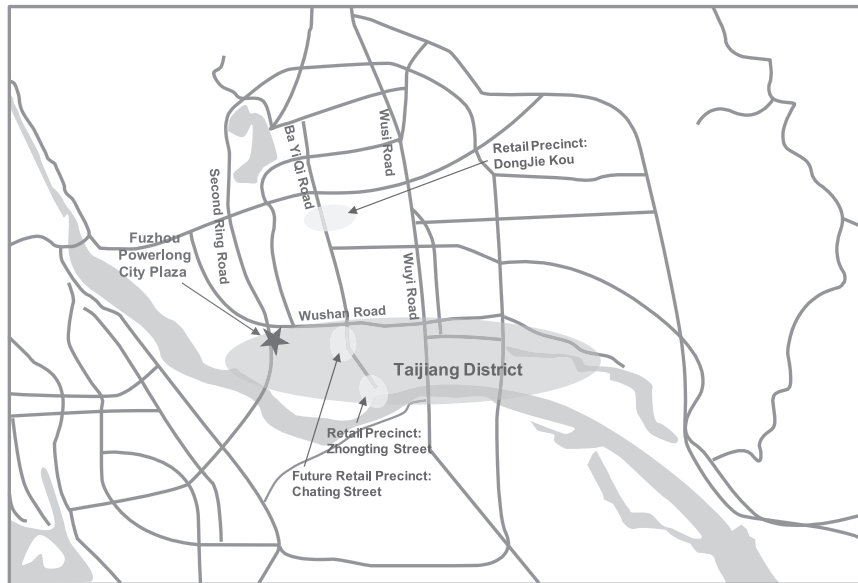
Fuzhou City Map



Source: JLL

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Fuzhou Retail Map



Source: JLL

Key Statistics

The table below sets forth key economic statistics for Fuzhou for the periods indicated:

Fuzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	101.2	116.2	133.5	147.6	165.7	197.4	228.4	99.8	14.5%
Real GDP Growth Rate (%) (year-on-year)	10.2	13.6	12.7	9.6	12.3	15.1	13.0	9.8	—
Nominal GDP per Capita (Rmb) ⁴	16,901	17,695	20,292	22,301	24,841	29,318	33,615	N/A	13.4% ⁵
Population (million) ⁶	5.98	6.05	6.09	6.15	6.23	6.30	6.38	N/A	1.0%
Urban Population (million)	1.58	1.66	1.71	1.76	1.82	1.86	1.87	N/A	2.8%
Urban Disposable Income per Capita (Rmb)	9,147	10,123	11,436	12,661	14,206	16,642	19,009	10,766	13.0%
Urban Consumer Expenditure per Capita (Rmb)	6,636	7,347	8,042	8,382	9,595	11,892	13,541	7,070	12.6%
Foreign Direct Investment (US\$ million)	1,202	1,302	1,360	1,600	1,621	1,702	2,130	985	10.0%
Retail Sales (Rmb billion)	43.1	49.1	58.0	66.3	77.6	94.1	113.4	63.8	17.5%
Total Tourist Arrivals (million)	7.3	7.5	8.3	8.3	8.2	8.6	9.4	N/A	4.3%

Source: Fuzhou Statistics Bureau, The Municipal Government of Fuzhou

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

⁴ Based on registered population for the period from 2002 to 2003 and based on resident population for the period from 2004 to 2008.

⁵ CAGR for the period 2004 to 2008.

⁶ Registered population.

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The table below sets forth key statistics relating to the residential property⁷ market in Fuzhou for the periods indicated:

Fuzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009⁽¹⁾
Investment in Residential Real Estate (Rmb billion)	7.0	11.4	15.1	15.9	20.2	27.0	23.9	N/A
Residential GFA Completed (sq.m. million)	3.7	4.2	4.9	4.5	4.1	4.1	2.3	1.7
Residential GFA Under Construction (sq.m. million)	12.5	15.9	17.7	17.1	18.1	20.8	21.3	18.9
Residential GFA Sold (sq.m. million)	3.2	4.1	4.0	5.0	6.2	5.9	3.2	2.5
Average Price of Residential Properties (Rmb/sq.m.)	2,692	2,724	2,983	3,389	4,060	5,395	4,900	6,108

Source: Fuzhou Statistical Bureau, Fuzhou Housing Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the retail property⁸ market in Fuzhou for the periods indicated:

Fuzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail GFA Completed (sq.m.)	32,000	0	26,000	104,000	165,500	293,915	35,000	0
Average Rental Value of Retail Properties (Rmb/sq.m./month)	N/A	N/A	N/A	276	239	265	252	250

Source: JLL

Note: N/A = Data not Available

Project-specific Details

Fuzhou Powerlong City Plaza is located on Gongye Road in Taijiang District. Due to its proximity to the Second Ring Road, Fuzhou Powerlong City Plaza is easily accessible.

The retail portion of Fuzhou Powerlong City Plaza is one of the large-scale shopping malls in Fuzhou. It is part of a complex that comprises residential, retail and entertainment areas. It has a total GFA of 215,353 square meters, of which, the retail portion accounts for 156,909 square meters. The project's 33,274 square meters of residential space have all been sold.

⁷ Residential property includes commodity housing units which can be bought or sold and economic housing units.

⁸ Retail property includes major mid-to-high-end shopping malls, department stores and street shops located in the city's core and emerging retail areas.

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Before the first stage completion of Fuzhou Powerlong City Plaza in 2006, the retail facilities in Fuzhou were mainly department stores. Fuzhou Powerlong City Plaza is the first integrated shopping center providing a one-stop shopping and entertainment experience in Fuzhou. This is the first shopping mall in Fuzhou to comprise of a trade-mix of general retail, department store, supermarket, food and beverage and entertainment to serve different customer needs in the city. In particular, the center’s entertainment facilities (the first indoor children amusement park in Fuzhou and a cinema) have helped expand the catchment area of the district.

QINGDAO

A sub-provincial city, Qingdao is located in the southern part of the Shandong Peninsula in Shandong Province. Qingdao’s jurisdiction covers seven districts including Shinan, Shibei, Sifang, Licang, Laoshan, Chengyang and Huangdao and five county-level cities including Jiaozhou, Jiaonan, Jimo, Pingdu and Laixi. The urban areas of Qingdao are largely concentrated in the eastern side of Jiaozhu Bay near Laoshan, a well-known mountain in China and a popular tourist destination. A traditional port city, Qingdao lies on China’s eastern coast overlooking the Yellow Sea. Across the sea and to the east is the Korean Peninsula. The city occupies a total area of approximately 10,654 square kilometers. Qingdao is one of the most important economic centers in the Bohai Rim in northern China and was the host city for the 2008 Olympic Sailing Regatta.

The economy and the total registered population of Qingdao grew simultaneously. The registered population of Qingdao steadily increased by more than 420,000 between 2002 and 2008, representing a growth of approximately 5.8%. The city had a total registered population of 7.6 million as of the end of 2008.

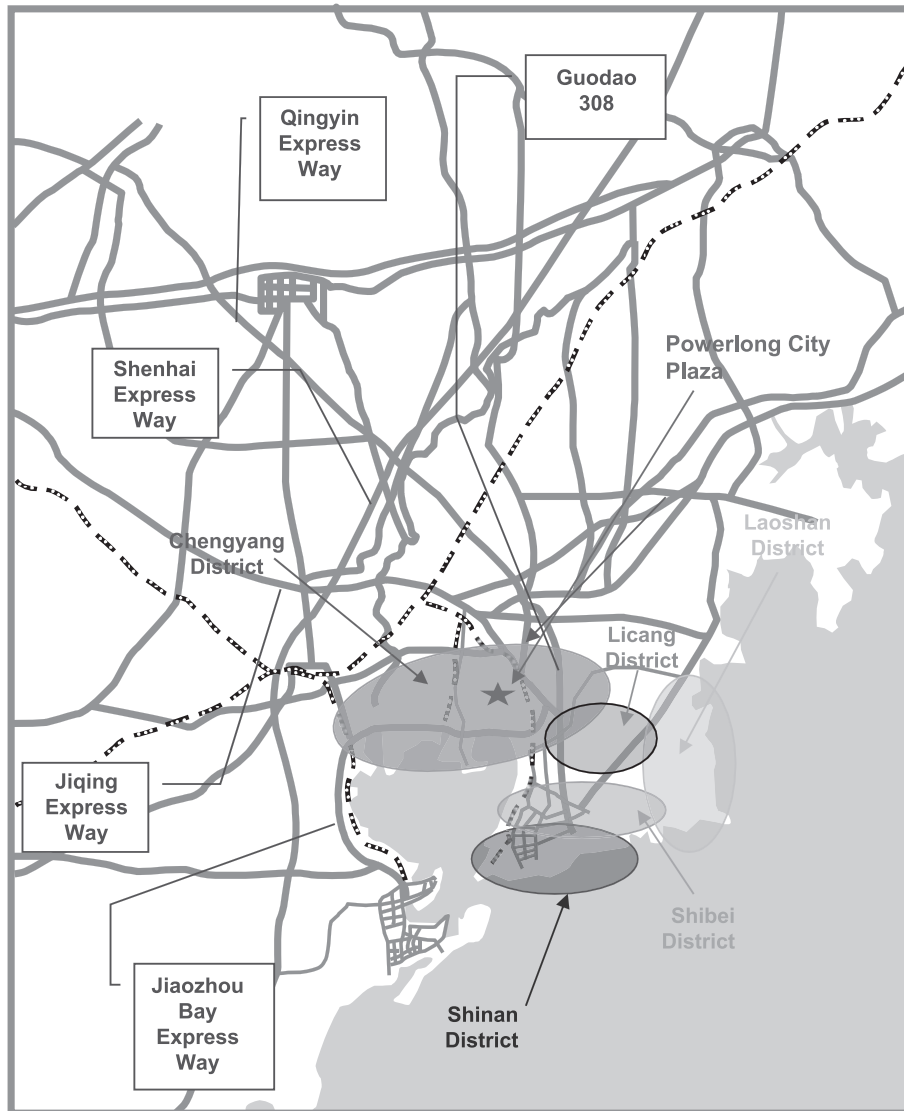
Qingdao’s economy is based around six key industries. These industries include the electronics and telecommunications, white goods and home appliances, chemical engineering and rubber, food and beverages, automotive and shipbuilding, and garments industries. Internationally, Qingdao is known for being the home of Tsingtao beer and more recently Haier and Hisense, two increasingly popular household brands associated for white goods and electronics, respectively. The city’s proximity to South Korea and Japan has also resulted in strong levels of investment from these two countries. Qingdao’s economy has enjoyed steady growth between 2003 and 2008, with real GDP growing faster than the national average.

Qingdao has an extensive road network with expressways connecting it with nearby Jinan and beyond. In 2006, construction started on a 35.4 kilometer bridge spanning Jiaozhou Bay. The bridge is part of a plan to improve the accessibility around Jiaozhou Bay that also includes an undersea tunnel (under construction) at the bay’s inlet, which is 6.2 kilometers long. The completion of these two projects will help link Huangdao District and the cities of Jiaozhou and Jiaonan on the western side of the bay with Qingdao City. According to JLL, the bridge is expected to be completed in 2010. Qingdao is served by the Jiaoji railway line. In 2008, Qingdao Railway Station in Shinan District re-opened after renovations expanded the station’s size and its transportation capacity. Qingdao Liuting International Airport located in Chengyang District lies 23 kilometers north of the city. Between 2002 and 2006, upgrading works were undertaken at the airport to increase its capacity. Such works involved the expansion of the terminal and extension of the length of its runways. Blessed with a natural deep water port, Qingdao is an important international sea-transportation hub. In 2007, the port handled 270 million tons of cargo.

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JLL understands that construction of Qingdao's subway line phase I will officially start in first half of 2010, while the construction of the experimental section commenced in mid 2009. This subway line phase I will be completed in 2014. It will have 22 stations and have a total length of 24.9 kilometers. Under the municipal government's 12-year plan, JLL understands that up to eight subway lines will be built in Qingdao. These new lines will traverse through seven districts and have a combined length of about 227 kilometers. Upon completion in 2020, the subway system is expected to handle over 1.2 million passengers per year.

Qingdao Map



Source: JLL

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Key Statistics

The table below sets forth key economic statistics for Qingdao for the years indicated:

Qingdao	2002	2003	2004	2005	2006	2007	2008	First half of 2009⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	151.8	178.0	216.4	269.6	320.7	378.7	443.6	228.2	19.6%
Real GDP Growth Rate (%) (year-on-year)	14.6	15.9	16.8	16.9	15.7	16.0	13.2	10.5	—
Nominal GDP per Capita (Rmb) ⁹	20,655	23,986	28,540	33,188	38,892	45,399	52,677	N/A	16.9%
Population (million) ¹⁰	7.15	7.21	7.31	7.41	7.49	7.58	7.62	N/A	1.1%
Urban Population (million)	2.42	2.47	2.58	2.65	2.71	2.76	2.76	N/A	2.2%
Urban Disposable Income per Capita (Rmb)	8,720	10,075	11,089	12,920	15,328	17,856	20,464	11,161	15.3%
Urban Consumer Expenditure per Capita (Rmb)	7,344	8,056	9,002	9,883	11,945	13,376	14,999	N/A	12.6%
Foreign Direct Investment (US\$ million)	2,378	4,014	3,817	3,656	3,658	3,807	2,643	N/A	2.3%
Retail Sales (Rmb billion)	55.7	64.6	74.8	86.6	100.7	119.9	146.5	82.3	17.5%
Total Tourist Arrivals (million)	18.4	16.9	22.1	25.2	28.9	33.7	34.7	17.2	11.2%

Source: Qingdao Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the residential property¹¹ market in Qingdao for the years indicated:

Qingdao	2002	2003	2004	2005	2006	2007	2008	First half of 2009⁽¹⁾
Investment in Residential Real Estate (Rmb billion)	7.1	9.4	12.9	16.2	20.0	23.5	28.3	N/A
Residential GFA Completed (sq.m. million)	4.0	4.6	5.0	6.8	5.5	5.5	5.0	2.6
Residential GFA Under Construction (sq.m. million)	10.7	14.3	16.9	18.6	21.7	24.7	27.9	24.2
Residential GFA Sold (sq.m. million)	3.7	4.1	4.5	6.5	6.5	7.7	6.9	3.6
Average Price of Residential Properties (Rmb/sq.m.)	2,066	2,285	2,747	3,466	3,998	5,103	4,790	5,182

Source: Qingdao Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

⁹ Based on resident population.

¹⁰ Registered population.

¹¹ Residential property includes commodity housing units which can be bought or sold and economic housing units.

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The table below sets forth key statistics relating to the retail property¹² market in Qingdao for the years indicated:

Qingdao	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail Mall GFA								
Completed (sq.m.) . .	20,000	116,000	35,000	133,650	172,905	23,613	216,141	35,000
Average Retail Mall								
Rental Value (Rmb/ sq.m./month)	N/A	N/A	337	353	364	419	468	476

Source: JLL estimates

Note: N/A = Data not available

Project-specific Details

Qingdao Powerlong City Plaza is situated on Wenyang Road in Chengyang District in Qingdao’s north. Chengyang District has a high concentration of Korean-funded firms.

JLL understands that the municipal government of Qingdao is currently considering plans to relocate industrial businesses out of the central districts of the city. Due to the abundance of available land for development, some of these businesses may choose to relocate to Chengyang District thereby accelerating the potential transformation of the area into a major manufacturing and logistics hub in Qingdao.

There is a large Korean community in Chengyang District and this group has created a strong demand for quality residential properties.

JLL understands that currently, there are several high quality residential projects under construction within the vicinity of Qingdao Powerlong City Plaza. Some of the more notable include Vanke’s Glamorous City, Qingte Huihao Jingyuan and Times Centre. JLL believes that the supply of high quality residential properties is still insufficient proportional to demand as evidenced by the high sales price for new quality projects. For example, Qingdao’s average price for residential properties was Rmb 5,182 per square meter as at the first half of 2009 compared to the sales price of Glamorous City in Chengyang District at Rmb 6,071 per square meter as at the first half of 2009.

JLL understands that existing retail facilities in Chengyang District are positioned largely towards the mass to mid-end segment of the market, with department stores being the most common format. JLL also believes because there is currently a limited range of available retail options in department stores in Chengyang District, many middle class and wealthier residents of Chengyang District travel to Qingdao’s city center for entertainment and shopping. Currently, there are three major low to mid-end departments stores in Chengyang District along with several hypermarkets. Upon completion, JLL understands that Qingdao Powerlong City Plaza

¹² Retail property includes major shopping malls and department stores located in the city’s core and emerging retail areas. When JLL estimated the rental value, only major shopping malls and department stores located in the city’s core retail areas were included.

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will be the first shopping mall in the area. The whole project consists of two phases and Phase I has already opened in the first quarter of 2009. It consists of a supermarket opened by a Korean discount store chain — Qingdao Lotte — with 33,427 square meters of GFA. JLL understands that Qingdao Powerlong Plaza Phase II has already entered into lease agreements with a number of key tenants, including the largest indoor theme park in China with approximately 50,000 square meters of GFA. JLL believes that Qingdao Powerlong City Plaza will help attract greater pedestrian flows into the area and help transform the area into a shopping district.

ZHENGZHOU

Zhengzhou, located south of the Yellow River, is the provincial capital of Henan Province. It functions as the commercial, cultural and political center of the province. Zhengzhou is bordered by Luoyang to the west, Xuchang to the southeast and Pingdingshan to the southwest, Kaifeng to the east, Jiaozuo to the northwest and Xinxiang to the northeast. It covers a total area of approximately 7,446 square kilometers and comprises six urban districts, five county-level cities and one county with a total resident population of approximately 7.4 million as of the end of 2008.

Geographically located in the center of China, Zhengzhou is a major railway junction between the Longhai railway (east-west) and Beijing-Guangzhou railway (north-south). It is also an important city in the Eurasian Continental Bridge. The Zhengzhou Railway Station is one of the largest passenger railway stations in China, while the train marshalling yard is one of the largest in Asia. The station is a key national transportation hub. JLL understands that the future Zhengzhou-Xi'an Passenger Transport Rail Line, which will connect Zhengzhou with Xi'an, is expected to further enhance Zhengzhou's access to the surrounding regions upon its phased completion over the next few years.

Zhengzhou Xinzheng International Airport, which lies approximately 30 kilometers south-east of the city center started operation in 1997. With over 50 domestic and international routes to cities worldwide, the airport handled five million passengers in 2007.

The city is also serviced by a comprehensive highway network, supported by the No. 107 and No. 310 national highways, the Beijing-Zhuhai Expressway and Lianyungang-Horgos Expressway. JLL understands that Zhengzhou's highway network is expected to be further improved by the expansion of the Lianyungang-Horgos Expressway and the construction of the Beijing-Hong Kong-Macau Expressway. In addition, JLL understands that the Zhengzhou Yellow River Bridge will improve Zhengzhou's access to cities north of the Yellow River after its completion in 2010.

Zhengzhou Metro Line 1 which is expected to improve Zhengzhou's intra-city connectivity is currently under construction. The line is estimated to start operations in 2013 and will run from the new Zhengzhou Railway Station in the east, through Zhengdong New District and the city center, to the Zhengzhou High-tech Industrial Development Zone in the west. The planned Metro Line 2, which will run in a north-south direction, has been approved by the central government and is expected to be completed in 2015. JLL understands this mass transit system is expected to improve the accessibility of the surrounding suburbs to the city center thereby boosting demand for residential and commercial real estate in those areas.

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Over the past few years, the strong growth in Zhengzhou’s economy has mainly been driven by its key industries, which include automotive manufacturing, energy, aluminum manufacturing and food processing.

In 2003, the Zhengdong New District was established to strengthen the services sector in Zhengzhou and speed up the city’s development. Zhengdong New District, situated in the eastern part of the city covers a total area of approximately 150 square kilometers. It is expected to emerge as the new CBD of Zhengzhou.

Zhengzhou Map



Source: JLL

INDUSTRY OVERVIEW

Key Statistics

The table below sets forth key economic statistics for Zhengzhou for the years indicated:

Zhengzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	92.8	107.4	133.5	166.1	201.4	248.7	300.4	152.4	21.6%
Real GDP Growth Rate (%) (year-on-year)	11.0	14.8	15.7	16.0	16.0	15.9	12.2	7.3	—
Nominal GDP per Capita (Rmb) ¹³	13,604	15,507	18,995	23,320	27,956	34,063	40,617	N/A	20.0%
Population (million) ¹⁴	6.88	6.98	7.08	7.16	7.24	7.36	7.44	N/A	1.3%
Urban Population (million)	3.84	3.98	4.11	4.24	4.36	4.51	4.64	N/A	3.2%
Urban Disposable Income per Capita (Rmb)	7,495	8,346	9,364	10,640	11,822	13,692	15,732	N/A	13.2%
Urban Consumer Expenditure per Capita (Rmb)	5,480	5,932	6,463	7,223	7,619	8,716	9,700	N/A	10.0%
Foreign Direct Investment (US\$ million)	92	157	242	335	614	1,001	1,400	700	57.4%
Retail Sales (Rmb billion)	43.1	53.0	61.7	70.7	82.2	97.9	120.6	69.7	18.7%
Total Tourist Arrivals (million)	9.2	10.1	13.9	17.9	23.4	29.4	35.4	19.6	25.2%

Source: Zhengzhou Statistics Bureau

Note: N/A = Not available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the residential property¹⁵ market in Zhengzhou for the years indicated:

Zhengzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾
Investment in Residential Real Estate (Rmb billion)	4.8	6.4	9.5	12.6	17.7	22.5	33.8	N/A
Residential GFA Completed (sq.m. million)	2.1	2.8	2.8	3.6	4.1	5.4	5.7	N/A
Residential GFA Under Construction (sq.m. million)	7.4	11.3	13.6	14.2	20.7	28.2	37.2	N/A
Residential GFA Sold (sq.m. million)	1.6	2.6	3.0	5.6	7.5	10.1	6.3	4.1
Average Price of Residential Properties (Rmb/sq.m.)	1,914	1,955	2,004	2,387	2,691	3,328	3,648	4,452

Source: Zhengzhou Statistics Bureau

Note: N/A = Not available, (1) Represents preliminary data which is subject to change

¹³ Based on resident population.

¹⁴ Resident population.

¹⁵ Residential property includes commodity housing units which can be bought or sold and economic housing units.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the retail property¹⁶ market in Zhengzhou for the years indicated:

<u>Zhengzhou</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>First half of 2009</u>
Retail Mall GFA								
Completed (sq.m.) . .	158,000	126,000	129,000	79,000	141,500	261,000	127,000	193,000
Average Retail Mall								
Rental Value								
(Rmb/sq.m./month) . .	132	141	145	150	170	193	206	207

Source: JLL

Project-specific Details

Zhengzhou Powerlong City Plaza is located in Zhengdong New District. The project covers a total land area of 113,984 square meters and consists of a retail mall and two residential buildings.

The retail mall has a total GFA of about 200,000 square meters and is scheduled to open in 2010. It is planned to feature mainly mid-end specialty shops, department stores, restaurants and entertainment facilities. The project is also planned to house an international hyper market as anchor tenant.

The residential portion of Zhengzhou Powerlong City Plaza comprises of two blocks of low-rise serviced apartments, with a total GFA of 15,197 square meters. These two buildings were completed in 2008.

Zhengzhou Powerlong City Plaza is located to the northeast of the developed CBD area in Zhengdong New District and is connected by several bridges over the East-West Canal. Prominent public and cultural buildings located in the CBD area include the Henan Convention Center, the Henan International Exhibition Center and the Henan Arts Center. The area between the two ring roads that circle the CBD area are occupied mainly by office buildings and high-rise apartments. According to the government’s planning for the area, JLL understands that Zhengdong New District will eventually become the administrative, cultural and commercial center of Zhengzhou City and also the whole of Henan Province.

Connectivity of Zhengdong New District has improved in recent years through the construction of major roads which link the area to older areas of the city. The new developments alongside Jinshui Road have also facilitated the growth of Zhengdong New District into a greater commercial precinct. JLL understands that the scheduled completion of Metro Line 1 in 2013 will include a station in Zhengdong New District, further improving the area’s accessibility. This is expected to help boost demand for residential and commercial properties in the area.

¹⁶ Retail property includes major shopping malls and department stores located in the city’s core and emerging retail areas.

INDUSTRY OVERVIEW

TAICANG

Taicang is a county level city comprising of seven towns and an economic development zone. It is under the jurisdiction of Suzhou Prefecture City and has its municipal government in the township of Chengxiang. Growth in Taicang’s economy and population in recent years has increased housing demand in the city.

Located in the southeast of Jiangsu Province near where the Yangtze River meets the Yellow Sea, Taicang covers a total land area of about 823 square kilometers. The city has historically been an important port for the Yangtze River Region.

The city has a well connected road network. The Sukuntai and Yanjiang Expressways link Taicang to Suzhou and Shanghai, respectively, with the latter within an hour’s drive. Taicang is a major container port in the area. With 40 kilometers of deep-water coastline along the Yangtze River, Taicang’s port has 69 national and international lines for cargo transportation. In addition, Shanghai port is only 40 kilometers away. The city lies within close proximity to the Huning Railway, with the nearest station located 15 kilometers away in Kunshan. Taicang is also within an hour’s drive of Shanghai’s Hongqiao Airport.

Taicang’s economy is traditionally based on agriculture. However, the economy moved away from agriculture and towards industrial manufacturing due to rapid industrialization of the Yangtze River Delta over the past two decades. As a result, the contribution of agriculture towards the economy has gradually decreased to account for just 3.5% of the city’s nominal GDP in 2008.

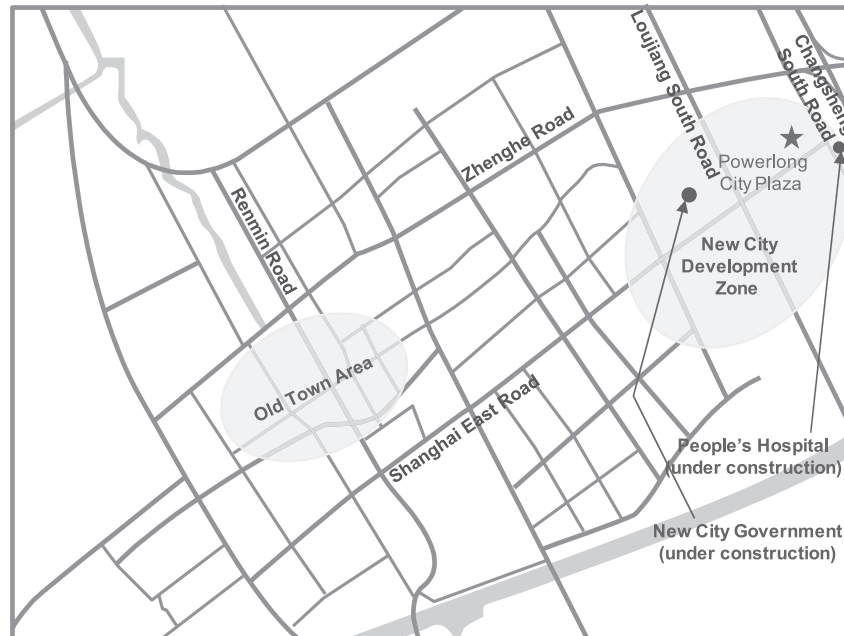
In 1991, the Taicang Economic Development Area (“TCEDA”) was established to facilitate the growth of the industrial sector. The establishment of the TCEDA has attracted more than 2,000 enterprises from around the globe. According to the 11th Five-Year Plan, the city will focus on developing services and high-tech industries from 2006 to 2010. The plan also states that by 2010, research and development costs are expected to account for 2% of the total nominal GDP.

Over the past decade, development in Taicang has been focused largely on the New City Development Zone (“NCDZ”) in the TCEDA. The TCEDA has been designated as the future administrative center of Taicang. The Taicang municipal government and the People’s Hospital are expected to move into this area within the next two years. JLL believes that such focused development has transformed the NCDZ into a new town, integrating high-tech industries, modern commerce and service, recreation facilities and high-end residential areas.

INDUSTRY OVERVIEW

JLL believes that the growing number of new businesses establishing operations within the NCDZ, which is in close proximity to Shanghai, will increase the demand for residential properties in Taicang. Although Taicang is already a well connected city in Jiangsu Province, a number of new expressways linking the city to other nearby cities remain under construction. When completed, JLL believes that these will further accelerate the city’s overall development.

Taicang City Map



Source: JLL

INDUSTRY OVERVIEW

Key Statistics

The table below sets forth key economic statistics for Taicang for the years indicated:

Taicang	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	18.0	21.0	24.8	29.5	36.7	44.0	52.8	29.1	19.6%
Real GDP Growth Rate (%) (year-on-year)	14.0	14.0	13.5	16.1	23.0	18.5	14.6	11.6	—
Nominal GDP per Capita (Rmb) ¹⁷	40,096	46,644	54,815	64,679	64,411	70,590	79,449	N/A	11.1% ¹⁸
Population (million) ¹⁹	0.45	0.45	0.45	0.46	0.59	0.66	0.67	N/A	6.9% ¹⁸
Urban Population (million) ²⁰	0.18	0.19	0.20	0.20	0.33	0.37	0.38	N/A	13.3% ²¹
Urban Disposable Income per Capita (Rmb)	N/A	N/A	14,558	16,670	19,091	21,576	24,624	14,581	14.0% ²²
Urban Consumer Expenditure per Capita (Rmb)	N/A	N/A	8,432	10,955	12,163	13,139	15,943	N/A	17.3% ²²
Foreign Direct Investment (US\$ million)	400	622	184	300	450	621	734	N/A	10.6%
Retail Sales (Rmb billion)	3.2	3.6	4.1	4.8	5.6	6.5	8.2	4.7	17.0%
Total Tourist Arrivals (million)	N/A	N/A	0.9	1.0	1.2	1.8	2.1	N/A	23.6%

Source: Taicang Statistical Bureau

Note: N/A = Not Available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the residential property²³ market in Taicang for the periods indicated:

Taicang	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾⁽²⁾
Investment in Residential Real Estate (Rmb billion)	0.3	0.4	1.7	2.2	1.6	1.1	2.0	N/A
Residential GFA Completed (sq.m. million)	0.3	0.2	0.3	0.7	0.6	0.4	1.2	N/A
Residential GFA Under Construction (sq.m. million)	0.4	0.7	2.1	2.3	2.2	2.0	2.3	N/A
Residential GFA Sold (sq.m. million)	0.3	0.3	0.2	0.5	0.5	0.5	0.4	0.5
Average Price of Residential Properties (Rmb/sq.m.)	1,385	1,680	2,112	3,125	3,840	3,942	3,828	4,471

Source: (1) — Taicang Development and Reform Commission, others — Taicang Statistical Bureau

Note: N/A = Data not available, (2) Represents preliminary data which is subject to change

¹⁷ Based on registered population for the period from 2002 to 2005 and based on resident population for the period from 2006 to 2008.

¹⁸ CAGR for the period from 2006 to 2008.

¹⁹ Registered population for the period from 2002 to 2005 and resident population for the period from 2006 to 2008.

²⁰ Non-rural population for the period from 2002 to 2005.

²¹ CAGR for the period from 2006 to 2008.

²² CAGR for the period from 2004 to 2008.

²³ Residential property includes commodity housing units which can be bought or sold and economic housing units.

INDUSTRY OVERVIEW

The table below illustrates key statistics relating to the retail property²⁴ market in Taicang for the periods indicated:

Taicang	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail Mall GFA								
Completed (sq.m.) . .	0	0	0	5,000	0	20,000	120,000	0
Average Retail Mall								
Rental Value (Rmb/ sq.m./month)	48.8	55.4	62.0	68.8	75.7	84.6	128.1	141.2

Source: JLL estimates

Project-specific Details

Suzhou Taicang Powerlong City Plaza is a 267,745 square meter mixed-use development comprising of a hotel, residential and retail areas. The development is located on Shanghai East Road in the residential area within the NCDZ and is being developed in two phases. Phase I is expected to be completed in December 2009 while construction of Phase II is expected to commence in May 2010 and is expected to be completed in December 2011. Sheraton Group has been appointed as the operator of the hotel, which is expected to open for business in February 2010.

As several mid to high-end residential projects, including Hubin Golf, Huaqiao Garden and Huayuan Shanghai City are already located in the NCDZ, JLL understands that this area is expected to become one of the major residential areas of Taicang given the extensive development anticipated over the next few years. JLL expects the emergence of a residential cluster within the NCDZ to also enlarge the area's retail catchment. JLL believes that the completion of Suzhou Taicang Powerlong City Plaza and Dongsheng Commercial Plaza, a new shopping mall currently under construction on an adjacent site, will help strengthen the NCDZ's position as a retail destination within Taicang and to cater to the growing number of residents in this area.

WUXI

Located in the eastern part of Jiangsu Province between Shanghai and Nanjing, Wuxi is a major city of Jiangsu Province. It covers a total land area of approximately 4,788 square kilometers and had a registered population of approximately 4.6 million as of the end of 2008.

Wuxi consists of nine county-level divisions, seven of which are urban districts and the remaining two are county-level cities. The urban districts are Chong'an, Nanchang, Binhu, Wuxi New District, Beitang, Huishan and Xishan. Jiangyin City and Yixing City are designated as county-level cities.

²⁴ Retail property includes major shopping malls and department stores located in the city's core and emerging retail areas.

INDUSTRY OVERVIEW

There are five key industries in Wuxi, including information technology, machinery production, automobile parts, textiles and new materials. Wuxi is one of the major manufacturing bases in the Yangtze River Delta region, with the manufacturing industry accounting for approximately 58% of the city’s nominal GDP in 2008. The government of Wuxi continues to strengthen the five pillar industries, in accordance with the city’s 11th Five-Year Plan. At the same time, JLL understands the government also has plans to promote the city’s logistics and services industries.

Wuxi is well connected with the key cities within the Yangtze River Delta Region by the Shanghai-Nanjing High-speed Railway. Passing through Wuxi New District, where Wuxi Powerlong City Plaza is located, this railway connects Wuxi to cities like Shanghai, Suzhou, Nanjing and Changzhou.

In terms of infrastructure capacity, the Wuxi Shuofang International Airport in Wuxi New District was expanded in 2007, increasing its annual passenger turnover from approximately 620,000 in 2005 to approximately 1.6 million in 2008.

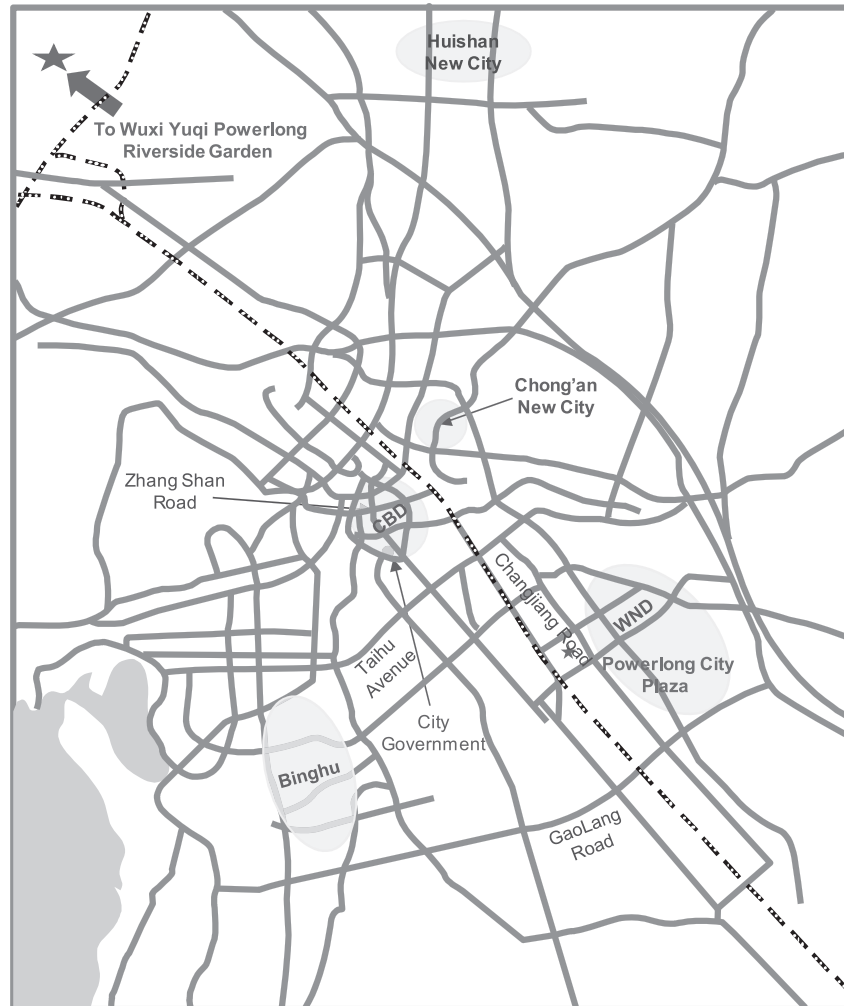
Construction of the Huning High-speed Railway commenced in 2008 and is expected to be completed by 2012. Upon completion, JLL understands that the travelling time between Wuxi and Shanghai is expected to be reduced to 30 minutes thereby improving Wuxi’s connectivity to the emerging financial hub of Shanghai. This will help to improve Wuxi’s attractiveness to foreign investors and strengthen its competitive position within the Yangtze River Delta region.

JLL understands the Wuxi government plans to build two subway lines by 2015, totalling about 55 kilometers. Metro Line 1, which runs from north Huishan New City through Wuxi Railway Station and the CBD to south Taihu New City is set to be completed in 2014. Metro Line 2, running from west Binghu District through Lihu New City, the CBD and Wuxi New District to east Xishan New City is scheduled for completion in 2015. The two lines will intersect at Sanyang Square Station in the CBD. These new lines are expected to stimulate growth in real estate demand in the fringe cities as the subways will help divert some of the population from the downtown region to these emerging areas, such as Yuqi where Wuxi Yuqi Powerlong Riverside Garden is located.

INDUSTRY OVERVIEW

Metro Line 3 has been included in Wuxi’s government plans. This 36.9 kilometer line, running north to south from Luoshe through Wuxi New District to the airport, is expected to further improve the accessibility of some of the areas like Wangzhuang where Wuxi Powerlong City Plaza is located.

Map of Wuxi



Source: JLL

INDUSTRY OVERVIEW

Key Statistics

The table below sets forth key economic statistics for Wuxi for the years indicated:

Wuxi	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	153.4	183.3	225.1	280.5	330.1	385.9	442.0	230.2	19.3%
Real GDP Growth Rate (%) (year-on-year)	13.1	15.4	17.4	15.1	15.3	15.3	12.4	10.4	—
Nominal GDP per Capita (Rmb) ²⁵	35,087	41,616	50,592	50,958	57,719	65,212	73,053	N/A	12.8% ²⁶
Population (million) ²⁷	4.39	4.43	4.47	4.53	4.58	4.62	4.64	N/A	0.9%
Urban Population (million)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Urban Disposable Income per Capita (Rmb)	9,988	11,647	13,588	16,005	18,189	20,898	23,605	N/A	15.4%
Urban Consumer Expenditure per Capita (Rmb)	7,567	8,360	9,517	10,774	11,372	12,257	13,563	N/A	10.2%
Foreign Direct Investment (US\$ million)	1,740	2,701	3,258	2,007	2,752	2,772	3,167	N/A	10.5%
Retail Sales (Rmb billion)	54.4	59.6	70.9	82.4	95.9	113.5	139.1	80.6	16.9%
Total Tourist Arrivals (million)	19.2	22.5	22.6	27.0	31.1	34.3	37.5	N/A	11.8%

Source: Wuxi Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the residential property²⁸ market in Wuxi for the years indicated:

Wuxi	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾
Investment in Residential Real Estate (Rmb billion)	6.0	10.3	14.9	15.8	19.2	26.1	29.7	N/A
Residential GFA Completed (sq.m. million)	2.6	4.6	4.0	5.4	6.1	6.0	5.9	N/A
Residential GFA Under Construction (sq.m. million)	6.6	10.9	12.4	15.2	17.8	21.8	26.6	N/A
Residential GFA Sold (sq.m. million)	2.2	2.8	3.5	5.1	5.5	6.8	4.6	3.9
Average Price of Residential Properties (Rmb/sq.m.)	1,712	2,006	2,278	3,472	3,687	4,363	5,096	5,105

Source: (1) — JLL estimates, others — Wuxi Statistics Bureau

Note: N/A = Data not available

²⁵ Based on registered population for the period from 2002 to 2004 and based on resident population for the period from 2005 to 2008.

²⁶ CAGR for the period from 2005 to 2008.

²⁷ Registered population.

²⁸ Residential property includes commodity housing units which can be bought or sold and economic housing units.

INDUSTRY OVERVIEW

The table below illustrates key statistics relating to the retail property²⁹ market in Wuxi for the years indicated:

Wuxi	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail Mall GFA Completed (sq.m.).	50,000	74,000	15,000	132,000	50,000	85,000	52,165	80,000
Average Retail Mall Rental Value (Rmb/sq.m./month)	257	280	305	333	343	356	358	359

Source: JLL estimates

Project-specific Details

The Company has two projects in Wuxi — one in Wangzhuang and another in Yuqi.

Wuxi Powerlong City Plaza

Wuxi Powerlong City Plaza and is located on Wangzhuang Road in the north-western part of Wuxi New District. It comprises 151,226 square meters of retail space and 82,905 square meters of residential space.

Wuxi Powerlong City Plaza is expected to be delivered in two phases. Phase I comprises one composite building with serviced apartments on top of a retail podium. The building is completed and already sold out. Phase II of the development is currently under construction and is expected to be completed in December 2010. It consists of a retail mall and four high-rise serviced apartment towers. JLL believes that the retail mall in Phase II will eventually become one of the largest retail malls in terms of GFA in Wuxi New District when completed in 2010.

Wuxi Yuqi Powerlong Riverside Garden

Wuxi Yuqi Powerlong Riverside Garden occupies a total site area of about 212,000 square meters. Located on Yangyu Road in Huishan District, construction of this mixed-use project commenced in 2007 and it includes 285,738 square meters of residential space and 61,144 square meters of retail space.

Wuxi Yuqi Powerlong Riverside Garden is developed in two phases. Phase I is expected to be completed by the end of 2009 and construction for Phase II is expected to commence in August 2010 and be completed in 2012.

Phase I consists of 53,633 square meters of residential apartments, and 26,458 square meters of office space and 28,475 square meters of retail space. Phase II is expected to have 232,105 square meters of residential space and 6,211 square meters of retail space.

²⁹ Retail property includes major shopping malls and department stores located in the city’s core and emerging retail areas.

INDUSTRY OVERVIEW

JLL believes that the retail portion of Wuxi Yuqi Powerlong Riverside Garden is set to be one of the major retail projects in the area. According to the city’s development blueprint, JLL understands that a number of pedestrian shopping streets will be established by 2012. JLL also understands that these streets will house a number of restaurants, boutiques and nightlife establishments. In addition, JLL understands that a four-star hotel will be built to serve the accommodation needs of the increasing number of business travelers to the city. JLL understands that there will also be other community facilities in the area, including a hospital.

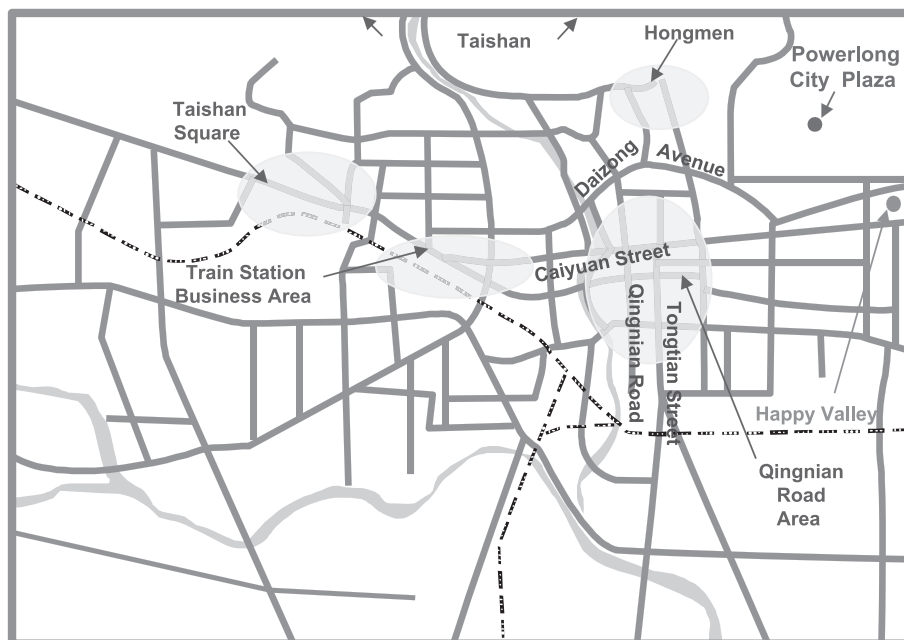
TAI’AN

Tai’an is a major city in Shandong Province, geographically located in the central area of the province. It covers a total area of about 7,762 square kilometers and had a registered population of about 5.5 million at the end of 2008. With nearby Mount Tai being a popular tourist destination in China, the tourism industry plays an important role in the economic development in Tai’an.

The Jinghu (Beijing to Shanghai) Railway currently runs through Tai’an. JLL believes that the Jinghu High-speed Railway, which has a stop in Tai’an and is due for completion in 2012, will enhance Tai’an’s transportation network and economic development. After the completion of the Jinghu High Speed Railway, Tai’an will be about two hours away from Beijing and three hours away from Shanghai by train.

There are currently two major motorways passing through Tai’an City, Jinghu (Beijing to Shanghai) Motorway and Jingfu (Beijing to Fuzhou) Motorway. Tai’an is also linked to Qingdao, Yantai and Weihai by well-established motorway networks.

Property Submarkets in Tai’an



Source: JLL

INDUSTRY OVERVIEW

There are currently no major infrastructure projects being planned specifically within the eastern town sub-market. However, with the launching of the new high-speed rail in 2012 making Tai'an within hours of Beijing and Shanghai, JLL understands that the local government is in the preliminary planning stages of refurbishing tourist amenities and public facilities and upgrading the city's transit system.

In 2008, the Tai'an municipal government applied to construct the Liaotai Railway and the Qinglan Highway. The Liaotai Railway would connect Tai'an and Liaocheng, a railway hub to the west. This railway would span 130 kilometers with stops in 15 cities, allowing for easier access to Tai'an from a number of cities across western Shandong Province. Similarly, the Qinglan Highway would connect the eastern port of Qingdao to the inland city of Lanzhou, transforming Tai'an into a strategic transportation and logistics hub. In addition, there are plans to construct an inter-city train line from Tai'an to Jinan, cutting the trip to less than an hour. JLL believes that this more convenient and direct link to the provincial capital would have a positive impact on Tai'an's economy. Furthermore, improvements in the area's aesthetic appeal, local amenities, or connectivity is expected to benefit the hospitality industry and real estate market in Tai'an.

Key Statistics

The table below sets forth key economic statistics for Tai'an for the years indicated:

Tai'an	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	51.5	60.4	73.2	85.6	101.8	122.6	151.3	N/A	19.7%
Real GDP Growth Rate (%) (year-on-year)	13.9	16.1	16.4	17.2	16.5	16.1	13.4	N/A	—
Nominal GDP per Capita (Rmb) ³⁰	9,458	11,043	13,341	15,547	18,872	22,617	27,794	N/A	19.7%
Population (million) ³¹	5.46	5.48	5.50	5.51	5.52	5.53	5.55	N/A	0.3%
Urban Population (million) ³²	1.68	1.73	1.77	1.57	1.57	1.59	1.59	N/A	–0.9%
Urban Disposable Income per Capita (Rmb)	7,369	8,310	8,883	10,337	11,966	13,818	16,095	N/A	13.9%
Urban Consumer Expenditure per Capita (Rmb)	5,443	5,548	6,393	7,211	8,566	9,971	11,732	N/A	13.7%
Foreign Direct Investment (US\$ million)	70	150	310	528	797	980	1,175	N/A	60.0%
Retail Sales (Rmb billion)	16.2	18.6	22.4	27.4	31.8	37.8	46.7	N/A	19.3%
Total Tourist Arrivals (million)	5.9	5.9	7.8	10.1	12.4	15.2	18.7	N/A	21.2%

Source: Tai'an Statistical Bureau, CEIC

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

³⁰ Based on registered population.

³¹ Registered population.

³² Refers to non-rural population.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the residential property³³ market in Tai'an for the periods indicated:

Tai'an	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Investment in Residential								
Real Estate (Rmb billion)	0.5	1.2	1.3	2.0	1.8	2.7	3.4 ⁽¹⁾	N/A
Residential GFA Completed (sq.m. million)	N/A	N/A	1.1	1.2	0.9	1.4	1.9 ⁽¹⁾	N/A
Residential GFA Under Construction (sq.m. million)	N/A	2.3	2.3	2.5	2.5	3.4	5.1 ⁽¹⁾	N/A
Residential GFA Sold (sq.m. million)	N/A	0.6	0.7	0.9	1.1	1.5	1.5 ⁽¹⁾	N/A
Average Price of Residential Properties (Rmb/sq.m.) ⁽¹⁾	4,000	4,100	4,150	4,200	4,300	4,300	4,500	4,500

Source: (1) — JLL estimates, others — Tai'an Statistics Bureau

Notes: N/A = Data not available.

The table below sets forth key statistics relating to the retail property³⁴ market in Tai'an for the periods indicated:

Tai'an	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail GFA Completed (sq.m.)	N/A	N/A	N/A	299,759	166,733	43,586	0 ⁽¹⁾	0 ⁽¹⁾
Average Rental Value of Retail Properties (Rmb/sq.m./mth) ⁽¹⁾	N/A	N/A	N/A	28.5	28.5	28.5	30.0	30.0

Source: (1) — JLL estimates, others — Tai'an Statistics Bureau

Notes: N/A = Data not available.

Project-specific Details

Tai'an Powerlong City Plaza is located in the eastern town area of Tai'an City and involves a total land area of 237,515 square meters. It is in close proximity to the south-east foot of Mount Tai.

³³ Residential property includes commodity housing units which can be bought or sold and economic housing units.

³⁴ Retail property includes all types of retail format in the city. When JLL estimated the GFA completed and rental value, only major shopping malls and department stores located in the city's core and emerging retail areas were included.

INDUSTRY OVERVIEW

The project is a large-scale mixed-use complex, comprising residential, retail and hotel elements. It has a total planned GFA of 301,945 square meters, including 116,964 square meters of residential space, and 121,930 square meter of retail space. The hotel portion has a total GFA of 49,683 square meters. The proposed hotel is targeted and designed as a five-star hotel, which is on par with the existing Ramada Hotel, the five-star hotel in Tai'an at present.

JLL understands that the sales price of new residential properties in the area has risen steadily in recent years as demand from buyers increase in line with increased income level. JLL believes that due to its relative higher quality, the residential units being sold in Tai'an Powerlong City Plaza have so far achieved price premiums compared to the average residential property price in Tai'an.

JLL understands that Tai'an Powerlong City Plaza has already entered into pre-leasing agreements with key tenants, including a cinema, a fitness club, a hotpot restaurant and a KTV club, representing 16.6% of the development's leasable space. Given the strong retail sector outlook in this newly emerging retail area, JLL expects that the sales price of retail space in Tai'an Powerlong City Plaza will continue to command a premium over the average market price of retail premises in the area.

In addition to the key infrastructure projects outlined for the city, JLL understands there is also an important large-scale amusement park project being constructed by a Shenzhen investment company in the north-east of the city called Happy Valley. Although this amusement park, which is due to be completed by mid-2010, contains retailing elements, JLL believes that it is unlikely to become a shopping destination due to the positioning and characteristics of the project that is currently known to JLL. Nevertheless, JLL believes that Happy Valley will attract greater pedestrian flows into the area and potentially help accelerate the emergence of the eastern town area as a shopping destination.

LUOYANG

The city of Luoyang is situated on the Central Plain of China in the western part of Henan Province. It is a prefecture level city and has jurisdiction over six districts (Jianxi, Xigong, Laocheng, Chanhe, Luolong and Jili), one county-level city (Yanshi) and eight counties. To its east lies the provincial capital of Zhengzhou, to the south lies Nanyang, to the west lies Sanmenxia and to its north lies Jiyuan. The city covers a total area of about 15,208 square kilometers and has a registered population of 6.5 million as of the end of 2008. Having served as the Chinese capital for no less than thirteen dynasties, the city is rich in culture and is recognized as being one of the cradles of Chinese civilization.

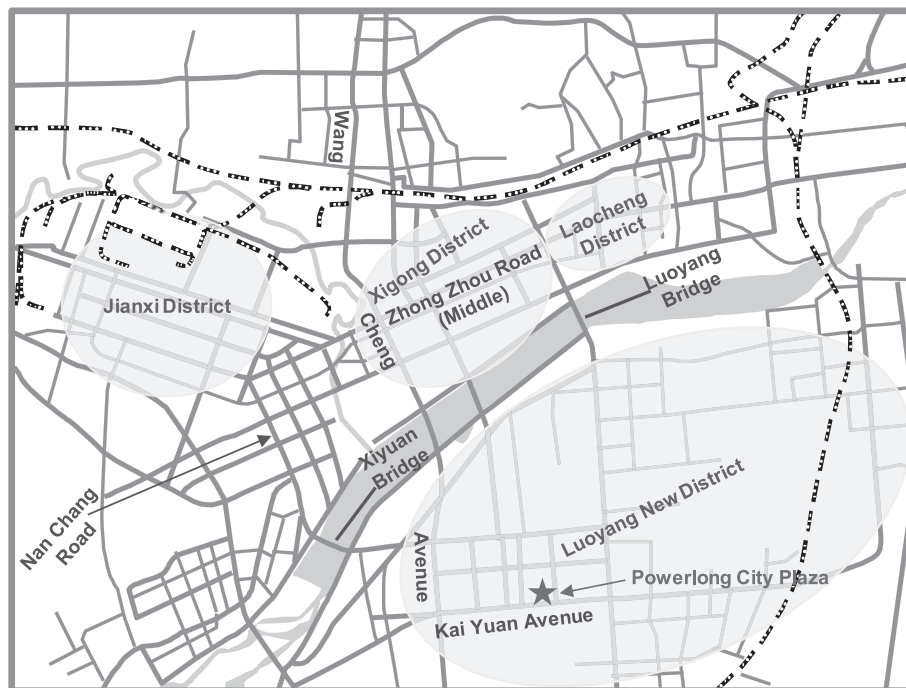
Luoyang lies at the junction of several national and provincial highways. Three national highways (Luoyang Raocheng Expressway, Er Guang Expressway and Luokai Expressway) and 17 provincial highways link Luoyang to surrounding cities such as Zhengzhou, Xi'an, Taiyuan and Nanyang. The city also lies at the intersection of two major railway lines, the Longhai Railway and Jiaozhi Railway, and is an important stop on the Euro-Asian Continental Bridge linking China to central Asia and Europe. JLL understands that a new Zhengzhou-Xi'an railway line that will include a stop in Luoyang is currently under construction. When completed, travel time between Luoyang and Zhengzhou is expected to be reduced from the current two hours down to 40 minutes. Luoyang Airport is located in the city's north-west and has regular flights to various cities across the country. Public transportation in the city include an extensive bus network although JLL understands the Luoyang government has laid down plans to build four metro lines to facilitate the city's development.

INDUSTRY OVERVIEW

The economy of Luoyang relies primarily on manufacturing and tourism. The city has specifically set out to build its economy around six pillar industries: mechanical and electronics, petrochemical, metallurgy, building materials, light textile and food. There are two major industrial zones in Luoyang, namely, Luoyang High & New Technology Development Zone and Luoyang Economic Development Zone. Both zones are located in the south-western part of the city. Luoyang High & New Technology Development Zone is a research and development base for industries of new materials, special axletree and equipment manufacturing while key industries in the Luoyang Economic Development Zone include machinery processing, building materials, nonferrous metals, business services and metallurgy. Luoyang's economy has almost tripled in size over the past five years. In 2008, the city's nominal GDP reached Rmb 192.0 billion, equivalent to Rmb 30,080 per capita.

The 11th Five-year plan of Luoyang sets out objectives of economic development for the city. JLL understands that by 2010, Luoyang aims to reach an average annual real GDP growth rate of 13%. It is also proposed that, by 2010, per capita nominal GDP in Luoyang is expected to reach Rmb 33,000. JLL understands that Luoyang is also expected to continue to enhance its strength in the manufacturing and tourism industries. The government's ambition is to not only build Luoyang into a modern industrial city but also into one of the most livable cities in Central and Western China.

Map of Luoyang



Source: JLL

INDUSTRY OVERVIEW

Key Statistics

The table below sets forth key economic statistics for Luoyang for the years indicated:

Luoyang	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	53.5	68.6	90.5	111.2	133.3	159.5	192.0	89.6	23.7%
Real GDP Growth Rate (%) (year-on-year)	11.0	16.6	16.2	15.1	15.7	16.2	14.4	9.7	—
Nominal GDP per Capita (Rmb) ³⁵	8,489	10,823	14,204	17,486	20,979	25,120	30,080	N/A	19.7% ³⁶
Population (million) ³⁷	6.32	6.36	6.38	6.42	6.46	6.50	6.54	N/A	0.6%
Urban Population (million)	2.00	2.14	2.27	2.44	2.52	2.67	N/A	N/A	5.9% ³⁸
Urban Disposable Income per Capita (Rmb)	7,161	8,005	9,032	10,175	11,490	12,770	14,672	8,311	12.7%
Urban Consumer Expenditure per Capita (Rmb)	5,387	5,884	6,371	7,176	7,885	8,833	9,957	N/A	10.8%
Foreign Direct Investment (US\$ million)	19	10	89	114	212	637	900	N/A	90.2%
Retail Sales (Rmb million)	19.5	22.7	28.9	34.1	39.5	46.8	57.7	N/A	19.8%
Total Tourist Arrivals (million)	13.8	14.2	17.9	21.5	28.0	40.0	45.7	N/A	22.1%

Source: Luoyang Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the residential property³⁹ market in Luoyang for the years indicated:

Luoyang	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾
Investment in Residential Real Estate (Rmb billion)	N/A	N/A	2.1	3.1	6.2	8.7	8.7	N/A
Residential GFA Completed (sq.m. million)	0.6	0.6	1.6	1.6	1.5	2.9	3.8	N/A
Residential GFA Under Construction (sq.m. million)	1.1	1.0	4.3	5.1	5.7	9.4	14.6	N/A
Residential GFA Sold (sq.m. million)	0.8	1.5	1.6	1.8	2.7	4.0	2.7	N/A
Average Price of Residential Properties (Rmb/sq.m.)	1,247	1,119	1,173	1,527	1,800	2,197	2,251	2,991

Source: Henan Statistics Bureau, Luoyang Statistics Bureau, Luoyang Real Estate Administration Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

³⁵ Based on registered population for the period from 2002 to 2005 and based on resident population for the period from 2006 to 2008.

³⁶ CAGR for the period from 2006 to 2008.

³⁷ Registered population.

³⁸ CAGR for the period from 2002 to 2007.

³⁹ Residential property includes commodity housing units which can be bought or sold and economic housing units.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the retail property⁴⁰ market in Luoyang for the years indicated:

Luoyang	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail Mall GFA Completed (sq.m.).	8,000	41,800	40,000	76,000	87,000	531,000	60,000	0
Average Retail Mall Rental Value (Rmb/sq.m./month)	75	83	96	105	120	120	128	131

Source: JLL estimates

Project-specific Details

Luoyang Powerlong City Plaza is located on Kaiyuan Avenue in Luoyang New District on the south side of the Luohe River and close to Luoyang's municipal government offices. The project is a mixed-use development comprising of about 390,000 square meters of retail space in the format of a wholesale market and about 400,000 square meters of residential/serviced apartment living space. The project is currently under construction and will be delivered in two phases. Phase I is expected to be completed towards the end of 2009 while Phase II is due for completion in 2012. When completed, Luoyang Powerlong City Plaza is expected to be one of the largest retail shopping malls in Luoyang.

The retail portion of Phase I of Luoyang Powerlong City Plaza has a GFA of about 241,000 square meters and is expected to be one of the largest wholesale markets in mid-west China when completed. Phase II of Luoyang Powerlong City Plaza is expected to feature approximately 147,800 square meters of retail space in both shopping mall and department store format. The residential portion of Phase I of Luoyang Powerlong City Plaza comprises eight residential towers ranging from 18 to 31 storeys. Two towers are expected to feature serviced apartment units which are 40 to 60 square meters each. Since 2007, all serviced apartment units have been pre-sold, which JLL believes is an indication of strong demand for residential properties.

The planned Luoyang New District covers almost the whole area to the south of Luohe River, with a total land area of 480 square kilometers. Luoyang New District, which covers Luolong District, the Longmen Culture and Tourism Park, and southwestern part of Yanshi City, will be the focus of future development in Luoyang. The new district already boasts several key tourist attractions and is home to the government administration center and a sports center. JLL understands that the government's plan for Luoyang New District is to transform it into the city's future administrative and tourism center. This is expected to encourage growth of the retail and residential markets in this area.

⁴⁰ Retail property includes major shopping malls and department stores located in the city's core and emerging retail areas.

INDUSTRY OVERVIEW

The transportation system in Luoyang has improved greatly in recent years. Five major bridges have been built over the Luohe River, linking the new district to the old city center. Furthermore, JLL understands that the Luoyang South Station, which is being built in the south part of Luoyang New District, is expected to bring both Luoyang residents and tourists from other cities into the new district area. JLL believes that the government’s vision for Luoyang New District has drawn strong interest from developers and led to the construction of new retail properties in the area in recent years.

BENGBU

Bengbu is located in the north of Anhui Province. It lies 135 kilometers north of Nanjing and is situated along the Huaihe River. It covers a total land area of about 5,952 square kilometers and had a registered population of about 3.6 million at the end of 2008. Bengbu is 131 kilometers from the Anhui capital of Hefei, 979 kilometers from Beijing and 485 kilometers from Shanghai.

Bengbu is a major national transportation hub in Anhui Province located along the Beijing-Shanghai Railway line. It is also the biggest port along the Huaihe River which links the eastern and western regions of China. Looking forward, JLL understands the Beijing-Shanghai Express Railway, which is due for completion in 2012, and the planned development of Bengbu New Port will further facilitate the city’s growth as a key transportation hub in China. After the completion of the Beijing-Shanghai Express Railway, the city will be approximately three hours journey from Beijing and a two hours journey away from Shanghai by train.

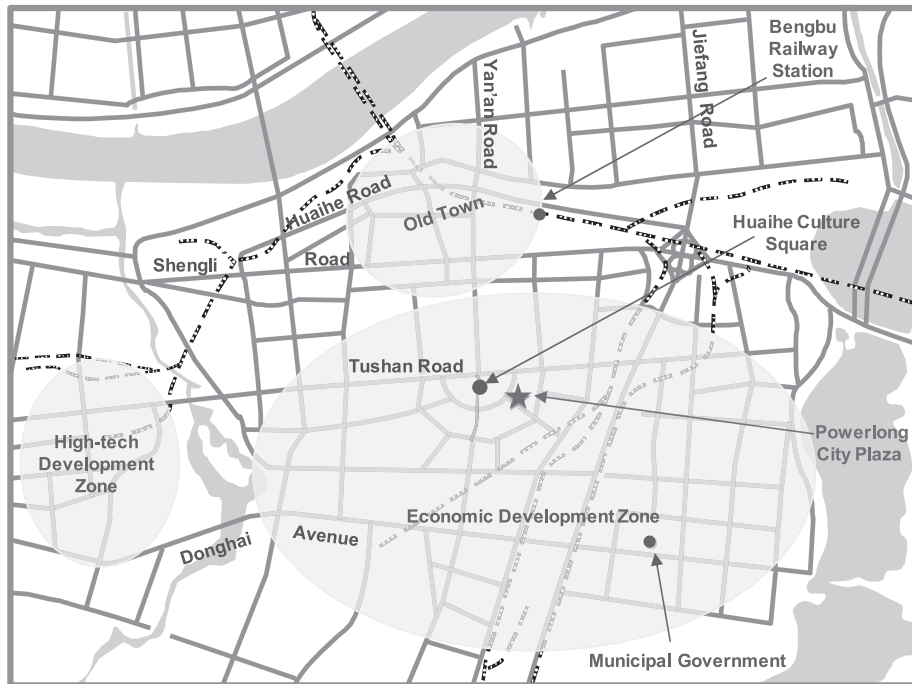
The city is also an important industrial city in Anhui Province. Tobacco manufacturing, food manufacturing, glass making, fine chemical product manufacturing, special purpose equipment manufacturing and auto vehicle component manufacturing are the pillar industries for the city.

There are six provincial-level development zones in Bengbu, namely Bengbu Economic Development Zone, Bengbu High-tech Development Zone, Bengbu Industrial Park, Huaiyuan Economic Development Zone, Guzhen Economic Development Zone and Wuhe Economic Development Zone. Each of these development zones have their own functions. For instance, JLL understands that Bengbu Economical Development Zone, where Bengbu Powerlong City Plaza is located, is to be developed into an integrated zone with a mix of residential, commercial and industrial projects. On the other hand, Bengbu High-tech Developments Zone focuses on vehicle component manufacturing, new material production, chemicals and pharmaceuticals manufacturing, and the Bengbu Industrial Park concentrates on industries such as electronic product making, farming industry and automobile fitting.

According to the city’s 11th Five-Year Plan, over the next few years, Bengbu will continue to develop its industrial sector and maximize its proximity to the Huaihe basin to strengthen its position as a major transportation hub. JLL understands that Bengbu is expected to develop the modern service sector which is a growing industry in the city.

INDUSTRY OVERVIEW

Map of Bengbu



Source: JLL

Key Statistics

The table below sets forth key economic statistics for Bengbu for the years indicated:

Bengbu	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	20.2	22.1	28.2	31.2	34.7	41.0	48.6	24.2	15.8%
Real GDP Growth Rate (%) (year-on-year)	10.9	6.6	18.5	10.4	12.5	13.5	11.0	10.6	—
Nominal GDP per Capita (Rmb) ⁴¹	5,896	6,425	8,145	8,975	9,876	11,577	13,632	N/A	15.0%
Population (million) ⁴²	3.43	3.45	3.47	3.49	3.53	3.55	3.58	N/A	0.7%
Urban Population (million) ⁴³	0.83	0.84	0.91	0.92	0.94	0.97	1.00	N/A	3.2%
Urban Disposable Income Per Capita (Rmb)	6,564	7,237	8,109	8,875	10,175	11,440	12,705	6,517	11.6%
Urban Consumer Expenditure per Capita (Rmb)	5,025	5,781	6,330	6,414	7,556	8,409	9,095	4,799	10.4%
Foreign Direct Investment (US\$ million)	48	31	25	51	121	195	210	N/A	27.9%
Retail Sales (Rmb billion)	8.2	8.9	10.2	11.7	13.4	15.6	19.2	10.7	15.2%
Total Tourist Arrivals (million)	1.7	1.9	2.8	2.7	3.9	5.0	6.4	N/A	24.7%

Source: Bengbu Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

⁴¹ Based on registered population.

⁴² Registered population.

⁴³ Refers to non-rural population.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the residential property⁴⁴ market in Bengbu for the years indicated:

Bengbu	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Investment in Residential								
Housing (Rmb billion) . .	0.5	1.1	1.3	1.3	1.6	1.9	2.6	1.6 ⁽¹⁾
Residential GFA Completed								
(sq.m. million)	0.6	0.8	1.1	1.0	1.1	0.9	1.0	1.0 ⁽¹⁾
Residential GFA Under								
Construction								
(sq.m. million)	1.1	1.9	2.1	2.4	2.8	3.2	3.4	4.1 ⁽¹⁾
Residential GFA Sold								
(sq.m. million)	0.5	0.5	0.8	1.0	1.1	1.1	1.1	0.7 ⁽²⁾
Average Price of								
Residential Housing								
(Rmb/sq.m.)	N/A	1,451	1,763	1,906	1,925	2,419	2,578	2,990 ⁽²⁾

Source: (2) — JLL estimates, others — Bengbu Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below illustrates key statistics relating to the retail property⁴⁵ market in Bengbu for the years indicated:

Bengbu	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail Mall GFA Completed								
(sq.m.)	0	0	25,000	0	0	42,400	13,003	0
Average Retail Mall								
Rental Value								
(Rmb/sq.m./month)	86	90	110	125	143	158	199	206

Source: JLL estimates

⁴⁴ Residential property includes commodity housing units which can be bought or sold and economic housing units.

⁴⁵ Retail property includes major shopping malls and department stores located in the city's core and emerging retail areas.

INDUSTRY OVERVIEW

Local Planning

Bengbu Economic Development Zone is located south of the old airport area. The 46.9 square kilometer zone is made up of six areas which are separated according to its function: a business district, a city municipal office zone, a logistics park, a university city, a scenic park and an urban industrial park. It also represents a cluster of tertiary industries that are engaged in real estate, retail and other service-related industries.

Project-specific Details

Bengbu Powerlong City Plaza is located in the Economic Development Zone, which was previously known as New Town area. JLL understands that it will likely remain as a focal development area of Bengbu in the future.

Bengbu Powerlong City Plaza is located southeast of Huaihe Culture Square, with a total site area of about 192,000 square meters. The post-modern Huaihe Culture Square has been a symbol of the “New Bengbu” and is considered to be its cultural and entertainment centre, with Bengbu Exhibition Centre, Bengbu Library and Bengbu Opera House all within close proximity.

Situated on Tushan Road, one of the main streets in Bengbu that connects the east and west end of the city, Bengbu Powerlong City Plaza is easily accessible from various parts of the Bengbu city. For example, it is a five minute drive from Bengbu Railway Station and is less than 10 minutes by car from Huaihe Road Commercial Area in the Old Town area.

Bengbu Powerlong City Plaza is a large-scale mixed-use project comprising residential, retail and serviced residence components with a total GFA of 491,209 square meters. The residential portion, which includes three service apartment buildings, three duplex apartment buildings and seven 18-storey apartment buildings, have been sold out since early 2008.

The retail portion of Bengbu Powerlong City Plaza has a total GFA of 272,304 square meters and includes one shopping mall and a few pedestrian retail streets. The pedestrian retail streets and Section A of the shopping mall are scheduled to open in the fourth quarter of 2009 with anchor tenants including Tesco (Shanghai Kangcheng) and Ruijing Commercial. Section B of the shopping mall, which targets information technology, entertainment and fashion tenants, is expected to open in 2010.

INDUSTRY OVERVIEW

HAIYANG

Haiyang is a county-level city under the jurisdiction of Yantai, a prefecture-level city located in north-eastern Shandong. Situated on the coast to the south of Yantai’s city center, Haiyang overlooks the Yellow Sea, with the Korean peninsula across the sea to its east and Qingdao to its south. Haiyang is about 100 kilometers away from both Yantai and Qingdao.

Haiyang covers a total area of about 1,887 square kilometers. Haiyang had a registered population of 0.7 million as at the end of 2008. Haiyang consists of three development zones (Economic Development Zone, Fengcheng Touring Holiday Area and Greencity Industrial Park) along with three street communities 《街道辦事處》 (Dongcun, Fangyuan and Fengcheng) and eleven towns.

City Map of Haiyang



Source: JLL

The Lanyan Railway is the only railway link to Haiyang. The railway connects Lancun with Yantai and other major railway networks across China. Several highways pass through the city, including the Qingwei Expressway, which runs between Qingdao and Weihai, and several highways which link the city to other larger cities such as Yantai and Weifang.

Haiyang’s downtown area is situated at the intersection of Haiyang Road and the Dongcun River. This area began to emerge in early 2004 along with the completion of several mid-end residential developments. According to the 11th Five-Year Plan, Haiyang will continue to focus its economy around industrial based industries. Pillar industries championed by the government include nuclear power, process manufacturing, tourism and infrastructure. JLL believes that in the next years, the Economic Development Zone, Fengcheng Touring Holiday Area and Greencity Industrial Park will be the key development areas in Haiyang.

INDUSTRY OVERVIEW

Haiyang is famous for its extensive beaches. In 2001, the Shandong Provincial government announced plans to develop the Touring Holiday Area in Haiyang as a tourist resort, with total planned land area of approximately 26 square kilometers. The tourist attractions in the holiday area include extensive beaches with panoramic views of Yellow Sea and the Tiger Beach Golf Links. JLL understands that the city's transportation network will be enhanced with the completion of the 58.2 kilometer Binhai Highway. This section of Binhai Highway within the Haiyang Holiday Area is already completed. When fully completed, Binhai Highway will reduce the travelling time from Haiyang to Qingdao to approximately one hour. JLL understands that it will also play an important role in linking Haiyang with other cities.

The local government aims to develop the Haiyang Touring Holiday Area into a new urban area with high-end villas and apartments overlooking the city's beaches and Yellow Sea. Development of high-end hotels, retail facilities and new government offices, are all also part of the local government's vision for the area. In 2006, Haiyang was selected as the host city for the 2012 Asia Beach Games by the Asian Olympic Council. The event will be held in the Haiyang Touring Holiday Area.

Key Statistics

The table below sets forth key economic statistics for Haiyang for the years indicated:

Haiyang	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion) .	5.8	6.9	8.3	10.1	12.0	14.3	18.2	9.3	21.0%
Real GDP Growth Rate (%) (year-on-year)	17.2	17.5	16.1	18.1	15.8	16.6	16.1	12.0	–1.1%
Nominal GDP per Capita (Rmb) ⁴⁶	8,462	10,195	12,285	15,830	17,950	21,530	N/A	N/A	20.5% ⁴⁷
Population (millions) ⁴⁸	0.68	0.67	0.67	0.67	0.67	0.67	0.67	N/A	–0.2%
Urban Population (millions) ⁴⁹	0.08	0.08	0.09	0.20	0.21	0.22	N/A	N/A	21.5% ⁴⁷
Urban Disposable Income per Capita (Rmb)	6,977	8,067	8,735	9,805	11,317	12,987	15,276	8,671	14.0%
Urban Consumer Expenditure per Capita (Rmb)	5,023	5,579	6,278	6,763	7,203	9,100	9,538	4,945	11.3%
Foreign Direct Investment (US\$ million)	98	171	216	122	109	110	43 ⁽²⁾	21 ⁽²⁾	2.3% ⁴⁷
Retail Sales (Rmb billion) . .	2.2	2.5	3.0	3.8	4.4	5.4	6.5	3.6	19.8%
Total Tourist Arrivals (millions)	0.1	0.3	0.3	1.1	1.3	1.8	2.5	1.8	71.0%

Source: Haiyang Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change, (2) based on different statistical method from figures before 2007, according to Haiyang Statistics Bureau.

⁴⁶ Based on registered population.

⁴⁷ CAGR for the period from 2002 to 2007.

⁴⁸ Registered population.

⁴⁹ Refers to non-rural population.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the residential property⁵⁰ market in Haiyang for the years indicated:

Haiyang	2002	2003	2004	2005	2006	2007	2008	First half of 2009⁽¹⁾
Investment in Residential								
Real Estate (Rmb billion)	0.06	0.06	0.5	0.9	0.9	1.2	1.3	0.6
Residential GFA Completed (sq.m. million)	N/A	0.1	N/A	0.3	0.4	0.3	0.4	0.1
Residential GFA Under Construction (sq.m. million)	0.1	0.1	N/A	0.7	1.1	1.1	1.2	1.0
Residential GFA Sold (sq.m. million)	0.04	0.07	0.03	0.26	0.30	0.46	0.37	0.09
Average Price of Residential Properties (Rmb/sq.m.)	1,496	1,574	1,660	1,780	2,173	2,425	2,650	2,680

Source: Haiyang Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the retail property⁵¹ market in Haiyang for the years indicated:

Haiyang	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail GFA Completed (sq.m.)	N/A	N/A	N/A	N/A	N/A	N/A	129,000	0
Average Price of Retail Properties (Rmb/sq.m.)	N/A	N/A	N/A	N/A	N/A	N/A	8,356	8,483
Average Rental Value of Retail Properties (Rmb/sq.m./month)	N/A	N/A	N/A	N/A	N/A	N/A	35.3	34.5

Source: JLL estimates

Note: N/A = Data not available

⁵⁰ Residential property includes commodity housing units which can be bought or sold and economic housing units.

⁵¹ Retail property includes major mid-to-high-end shopping malls and street shops located in the city's core and emerging retail areas.

INDUSTRY OVERVIEW

SUQIAN

Suqian is a prefecture-level city located in northern Jiangsu Province. It is about 250 kilometers away from Nanjing, the capital city of Jiangsu Province. To the west of Suqian is Anhui Province, Xuzhou lies to its northwest, Lianyungang to its northeast and Huai'an to its south. Suqian covers a land area of over 8,500 square kilometers. It administrates two districts and three counties; namely Sucheng District, Suyu District, Shuyang County, Siyang County and Sihong County. The city had a total registered population of 5.3 million at the end of 2008, with 1.7 million residents living in urban areas.

Currently, there are three expressways connecting Suqian to other major cities within the region. They include Beijing-Shanghai Highway, Nanjing-Suqian-Xuzhou Highway and Xuzhou-Suqian-Huai'an-Yancheng Highway. Suqian is located only 60 kilometers and 100 kilometers away from Xuzhou Guanyin International Airport and Lianyungang Airport, respectively. Suqian is also connected to Beijing and Hangzhou through the Grand Canal, which provides the city with convenient water transportation. In addition, Lianyungang Port, with cargo throughput exceeding 100 million tons in 2008, is only about 90 minutes traveling time from Suqian.

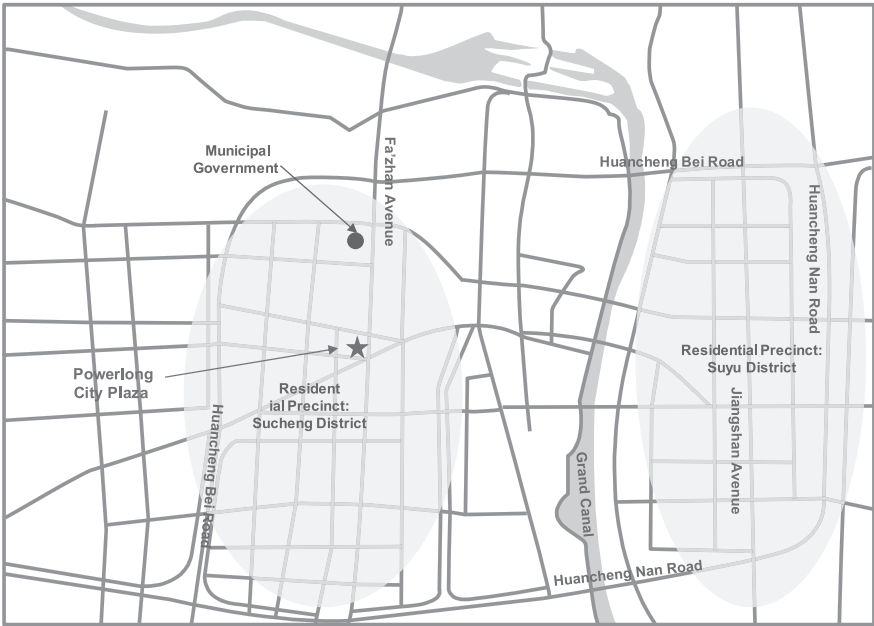
The pillar industries of Suqian include machinery production, electronics, metal smelting and pressing, textile, food and beverage, wood processing and chemical and pharmaceutical. In 2008, Suqian had 86 enterprises with annual revenue of Rmb 100 million and above.

According to the 11th Five-Year Plan for Suqian, the local government will develop Suqian into a modern city by accelerating its urbanization process and improving the living standard of its residents. JLL understands it is also one of the government's objectives to turn Suqian into an environmentally-friendly city.

The target set under Suqian's 11th Five-Year Plan is to achieve nominal GDP per capita of Rmb 14,850 by 2010, doubling the level registered in 2005. Under the 11th Five-Year Plan, the city's average urban disposable income per capita is expected to rise in tandem with stronger economic growth to reach Rmb 11,000 by 2010 from Rmb 7,212 in 2005.

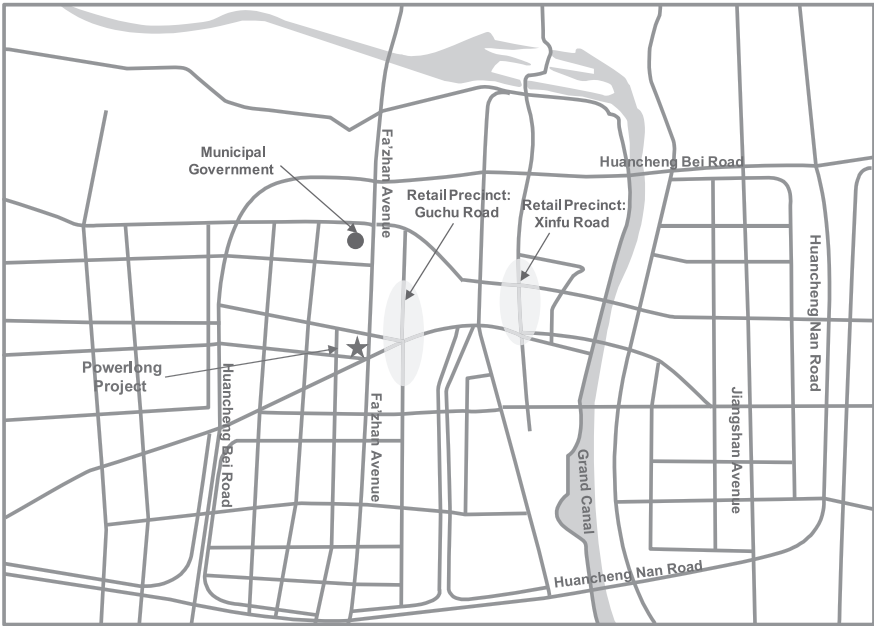
INDUSTRY OVERVIEW

Suqian Major Residential Precincts



Source: JLL

Suqian Major Retail Precincts



Source: JLL

INDUSTRY OVERVIEW

Key Statistics

The table below sets forth key economic statistics for Suqian for the years indicated:

Suqian	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion) .	24.7	27.8	33.6	38.7	45.4	54.2	60.5	N/A	16.1%
Real GDP Growth Rate (%) (year-on-year)	11.5	12.1	13.8	14.5	15.0	15.2	13.3	N/A	—
Nominal GDP Per Capita (Rmb) ⁵²	4,826	5,400	6,462	7,399	9,233	11,178	12,289	N/A	16.9%
Population (million) ⁵³	5.13	5.17	5.21	5.25	5.29	5.32	5.35	N/A	0.7%
Urban Population (million) ⁵⁴ .	1.47	1.36	1.98	2.08	2.23	1.64	1.70	N/A	—
Urban disposable Income Per Capita (Rmb)	5,041	5,591	6,372	7,212	8,176	9,468	10,959	6,185	13.8%
Per Capita Consumer Expenditure (Rmb)	3,464	3,975	4,404	4,659	4,986	5,810	7,305	N/A	13.2%
Foreign Direct Investment (US\$ million)	23	24	25	33	49	73	95	N/A	26.7%
Retail Sales (Rmb billion) . .	7.7	7.8	8.7	11.0	13.5	15.9	19.7	11.1	16.9%
Tourist Arrivals (million) . . .	N/A	N/A	1.7	1.8	2.2	2.8	3.7	N/A	21.5% ⁵⁵

Source: Suqian Statistics Bureau, Jiangsu Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below sets forth key statistics relating to the residential property⁵⁶ market in Suqian for the years indicated:

Suqian	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Investment in Residential Real Estate (Rmb billion)	0.5	0.8	1.5	2.7	4.4	5.6	6.8	N/A
Residential GFA Completed (million sq.m.)	0.6	0.5	0.5	1.2	1.8	2.6	1.9	N/A
Residential GFA Under Construction (million sq.m.)	0.8	1.1	2.4	3.2	5.4	8.6	9.6	N/A
Residential GFA Sold (million sq.m.)	0.5	0.6	0.5	1.7	2.1	3.3	3.2	N/A
Average Price of Residential Properties (Rmb/sq.m.)	914	1,015	1,167	1,392	1,454	1,521	1,729	2,216 ⁽¹⁾

Source: (1) — JLL estimates, others — Suqian Statistics Bureau

Note: N/A = Not Available

⁵² Based on registered population.

⁵³ Registered population.

⁵⁴ Refers to non-rural population for the period from 2002 to 2006.

⁵⁵ CAGR for the period from 2004 to 2008.

⁵⁶ Residential property includes commodity housing units which can be bought or sold and economic housing units.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the retail property⁵⁷ market in Suqian for the years indicated:

<u>Suqian</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>First half of 2009</u>
Retail GFA Completed (thousand sq.m.). . . .	105,913	126,685	164,655	253,739	609,320	377,776	267,434	N/A
Average Price of Retail Properties (Rmb/sq.m.)	1,871	2,468	3,537	3,292	2,839	3,502	3,332	3,831 ⁽¹⁾
Average Rental Value of Retail Properties (Rmb/sq.m./month) . .	N/A	N/A	N/A	N/A	N/A	26 ⁽¹⁾	25 ⁽¹⁾	28 ⁽¹⁾

Source: (1) — JLL estimates, others — Suqian Statistics Bureau

Note: N/A = Not Available

XINXIANG

Xinxiang is a prefecture-level city located in the northern part of Henan Province and to the north-east of Zhengzhou, which is the provincial capital. Xinxiang comprises four districts, two county-level towns and six counties. It covers a total area of about 8,169 square kilometers, including a city area of about 425 square kilometers.

Xinxiang is a transportation hub, with access to Tianjin to its northeast and the adjacent provinces of Hebei, Shandong, Shanxi and Shaanxi. The city is also the junction point for major east-west and north-south railway lines.

⁵⁷ Retail property includes all types of retail format in the city. When JLL estimated the GFA completed, price and rental value, only major shopping malls, street shops and department stores located in the city's core and emerging retail areas were included.

INDUSTRY OVERVIEW

Being an economic center and transportation hub of northern Henan Province, Xinxiang is one of central China’s key manufacturing and agriculture production bases. Pillar industries in Xinxiang include bio-medical companies, automotive parts manufacturing, equipment manufacturing, food processing and fine chemicals manufacturing. Key enterprises which have established headquarters in Xinxiang include Frestech Refrigerator, Golden Dragon Copper Group, Bailu Chemical Fibre, and Henan Kelong Group.

Xinxiang Map

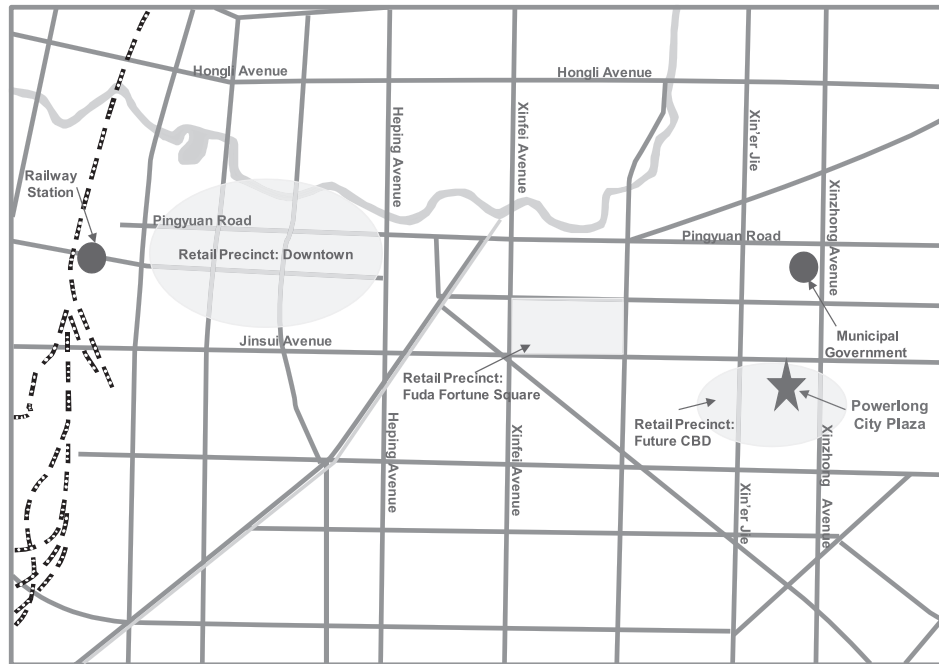


Source: JLL

Under the city’s 11th Five-Year Plan between 2006 and 2010, the government aims to strengthen Xinxiang’s position as an economic center and transportation hub of northern Henan Province. The city also has plans to speed up the construction of the New City Development Zone, where the current municipal government building is situated. JLL understands that, according to city planning, Xinxiang’s urban population is expected to increase by 200,000 between 2008 and 2010. JLL also understands that the city is expected to see a new supply of high-end residential, office and retail premises within the New City Development Zone.

INDUSTRY OVERVIEW

Xinxiang Retail Map



Source: JLL

Key Statistics

The table below sets forth key economic statistics for Xinxiang for the years indicated:

Xinxiang	2002	2003	2004	2005	2006	2007	2008	First half of 2009	CAGR (2002–2008)
Nominal GDP (Rmb billion)	33.3	36.9	45.0	54.4	64.0	77.8	94.9	N/A	19.1%
Real GDP Growth Rate (%) (year-on-year)	10.0	13.5	14.6	14.1	14.5	16.0	13.9	N/A	—
Nominal GDP Per Capita (Rmb) ⁵⁸	6,139	6,763	8,209	9,876	11,557	14,095	16,955	N/A	18.4%
Population (million) ⁵⁹	5.45	5.47	5.49	5.69	5.77	5.58	5.61	N/A	0.5%
Urban Population (million)	0.76	0.79	0.80	0.92	0.94	0.93	0.91	N/A	3.0%
Urban Disposable Income Per Capita (Rmb)	5,642	6,231	7,146	8,312	9,455	11,236	13,000	N/A	14.9%
Per Capita Consumer Expenditure (Rmb)	4,098	4,590	4,971	5,743	6,460	7,933	9,323	N/A	14.7%
Foreign Direct Investment (US\$ million)	37	45	45	60	132	153	225	N/A	35.1%
Retail Sales (Rmb billion)	11.4	12.6	14.4	16.4	19.0	22.5	27.8	N/A	16.0%
Tourist Arrivals (million)	1.8	2.1	4.0	4.9	6.4	7.7	8.8	N/A	30.3%

Source: Xinxiang Statistics Bureau

Note: N/A = Data not available

⁵⁸ Based on registered population.

⁵⁹ Registered population.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the residential property⁶⁰ market in Xinxiang for the years indicated:

<u>Xinxiang</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>First half of 2009</u>
Investment in Residential								
Real Estate (Rmb billion)	N/A	N/A	N/A	N/A	2.1	3.9	5.4	N/A
Residential GFA Completed (million sq.m.)	N/A	N/A	N/A	N/A	1.4	1.6	2.2	N/A
Residential GFA Under Construction (million sq.m.)	N/A	N/A	N/A	2.9	3.4	5.4	5.6	N/A
Residential GFA Sold (million sq.m.)	0.3	0.2	N/A	0.7	1.2	2.0	1.8	N/A
Average Price of Residential Properties (Rmb/sq.m.)	N/A	N/A	N/A	1,379	1,471	1,990	2,440	2,518 ⁽¹⁾

Source: (1) — JLL estimates, Xinxiang Statistics Bureau, Xinxiang Housing Bureau

Note: N/A = Data not available

The table below sets forth key statistics relating to the retail property⁶¹ market in Xinxiang for the years indicated:

<u>Xinxiang</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>First half of 2009</u>
Retail GFA Completed (sq.m.)	N/A	N/A	N/A	N/A	N/A	174,000	161,000	N/A
Average Price of Retail Properties (Rmb/sq.m.)	N/A	N/A	N/A	N/A	N/A	N/A	5,601	5,825 ⁽¹⁾
Average Rental Value of Retail Properties (Rmb/sq.m./month) . .	N/A	N/A	N/A	N/A	N/A	N/A	35 ⁽¹⁾	36 ⁽¹⁾

Source: (1) — JLL estimates, others — Xinxiang Statistics Bureau

Note: N/A = Data not available

⁶⁰ Residential property includes commodity housing units which can be bought or sold and economic housing units.

⁶¹ Retail property includes all types of retail format in the city. When JLL estimated the GFA completed, price and rental value, only major shopping malls, street shops and department stores located in the city's core and emerging retail areas were included.

INDUSTRY OVERVIEW

YANCHENG

Yancheng is a coastal city on China’s eastern seaboard located in Jiangsu Province. To the south of Yancheng lies Nantong, which is separated from Suzhou and Shanghai by the Yangtze River. To its north is Lianyungang, an important port in eastern China where the Longhai Railway starts, connecting China to Europe.

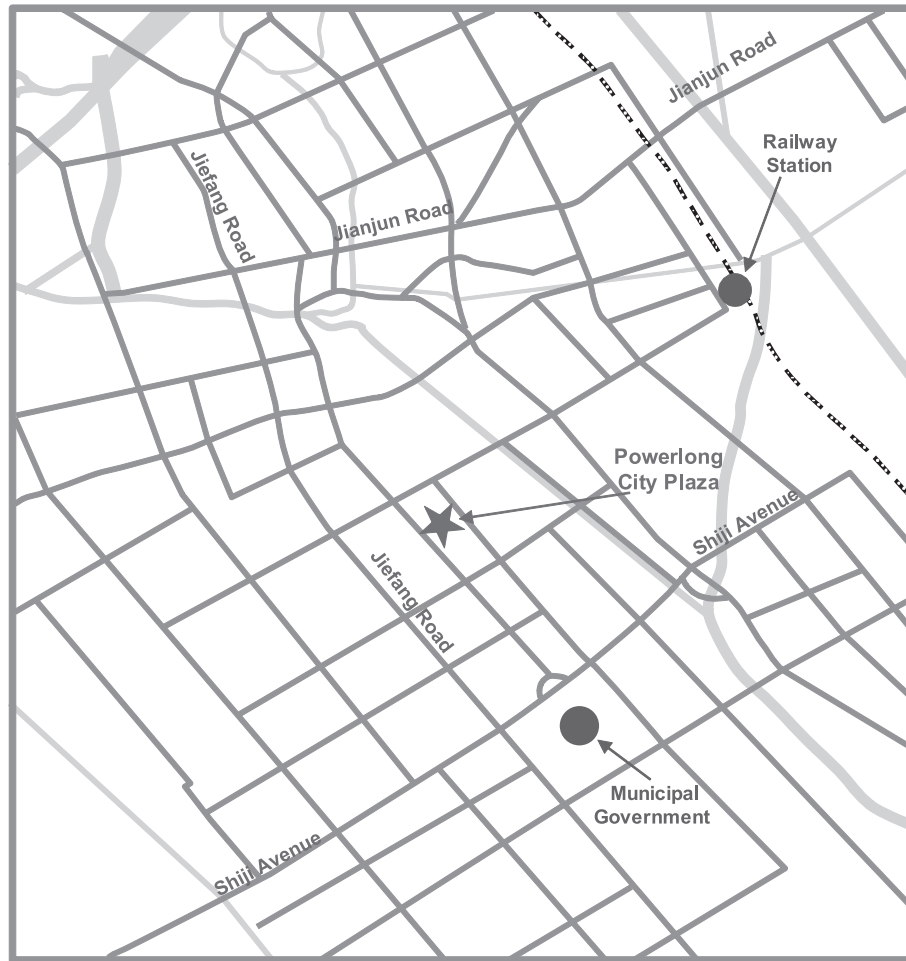
Covering an area of approximately 15,000 square kilometers, Yancheng includes Yandu District, Tinghu District and seven county-level divisions. Tinghu District is the city’s traditional residential and retail area while Yandu District in the city’s south, encompasses the new city development zone. By the end of 2008, Yancheng’s registered population had reached 8.1 million, with 3.6 million residents living in the urban area.

JLL believes that the development of transportation infrastructure in Northern Jiangsu in recent years has improved the city’s connectivity to surrounding areas. Yancheng is connected to Shanghai and Nanjing by the Ningjingyan Expressway, Coastal Expressway and Yanxu Expressway. Yancheng is connected to the Jiangsu railway network via the Xinchang Railway with the new Yancheng Railway Station opening in 2007. The city’s airport, Yancheng Airport, which opened in 2000, is serviced by some of China’s larger domestic airlines and handled about 100,000 passengers and 601 tons of freight in 2008.

In 2008, Yancheng’s nominal GDP reached Rmb 160.3 billion. The Yancheng economy is largely focused around the automotive and textiles industries. Dongfen-Yueda-Kia Automobile is a well-known enterprise in the city. The company’s annual production capacity is expected to reach around 430,000 automobiles by 2010.

INDUSTRY OVERVIEW

Yancheng Map

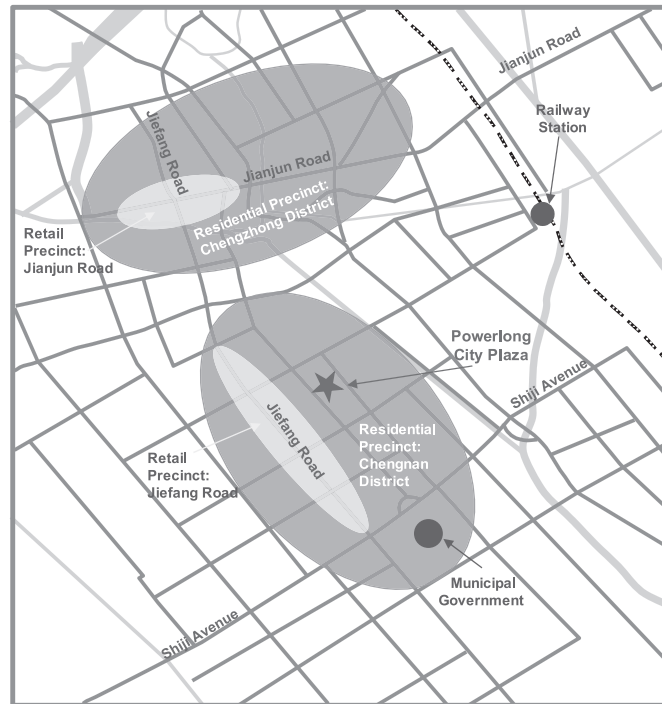


Source: JLL

According to the government's 11th Five-Year Plan, Yancheng's per capita nominal GDP is expected to reach about Rmb 20,490 in 2010, doubling the amount in 2005. By the end of 2010, average urban disposable income per capita is expected to increase to Rmb 16,000 compared to Rmb 10,580 in 2005 while rural net income per capita is expected to rise to Rmb 8,000 from Rmb 4,893 in 2005.

INDUSTRY OVERVIEW

Yancheng Residential and Retail Map



Source: JLL

Key Statistics

The table below sets forth key economic statistics for Yancheng for the years indicated:

Yancheng	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008)
Nominal GDP (Rmb billion)	62.7	69.6	82.0	100.5	117.4	136.8	160.3	N/A	16.9%
Real GDP Growth Rate (%) (year-on-year)	11.4	13.0	14.0	14.3	15.1	15.0	13.2	N/A	—
Nominal GDP Per Capita (Rmb) ⁶²	7,884	8,739	10,427	12,849	15,177	18,000	21,233	N/A	18.0%
Population (million) ⁶³	7.96	7.97	7.98	7.99	8.05	8.08	8.12	N/A	0.3%
Urban Population (million) ⁶⁴	2.31	2.70	2.88	2.86	2.90	3.55	3.63	N/A	—
Urban Disposable Income Per Capita (Rmb)	7,274	8,059	9,362	10,580	12,052	13,857	15,862	N/A	13.9%
Per Capita Consumer Expenditure (Rmb)	5,507	5,581	6,566	7,293	7,378	8,400	9,174	N/A	8.9%
Foreign Direct Investment (US\$ million)	166	239	154	162	325	935	944	N/A	33.6%
Retail Sales (Rmb billion)	21.1	22.5	27.4	31.7	36.8	43.3	54.3	29.8	17.1%
Tourist Arrivals (million)	3.8	4.2	4.7	5.3	6.1	6.1	8.1	4.2	13.4%

Source: Yancheng Statistics Bureau, Jiangsu Statistics Bureau

Note: N/A = Data not Available, (1) Represents preliminary data which is subject to change

⁶² Based on registered population.

⁶³ Registered population.

⁶⁴ Refers to non-rural population for the period from 2002 to 2006.

INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the residential property⁶⁵ market in Yancheng for the years indicated:

Yancheng	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Investment in Residential								
Real Estate (Rmb billion)	1.3	1.8	2.6	3.8	5.0	7.6	8.7	N/A
Residential GFA Completed (million sq.m.)	1.1	1.3	1.3	2.1	2.5	2.2	3.0	N/A
Residential GFA Under Construction (million sq.m.)	1.8	2.4	2.9	4.7	5.1	6.4	7.8	N/A
Residential GFA Sold (million sq.m.)	0.9	1.4	1.0	1.6	2.5	2.8	2.7	N/A
Average Price of Residential Properties (Rmb/sq.m.)	1,123	1,050	1,381	1,680	1,868	2,156	2,569	2,774 ⁽¹⁾

Source: (1) — JLL estimates, others — Yancheng Statistics Bureau; Yancheng Housing Bureau

Note: N/A = Data not available

The table below sets forth key statistics relating to the retail property⁶⁶ market in Yancheng for the years indicated:

Yancheng	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail GFA Completed (sq.m.)	N/A	N/A	N/A	N/A	N/A	272,000	574,900	N/A
Average Price of Retail Properties (Rmb/sq.m.)	N/A	N/A	N/A	N/A	N/A	3,762	4,258	4,769 ⁽¹⁾
Average Rental Value of Retail Properties (Rmb/sq.m./month)	N/A	N/A	N/A	N/A	N/A	24 ⁽¹⁾	27 ⁽¹⁾	29 ⁽¹⁾

Source: (1) — JLL estimates, others — Yancheng Statistics Bureau

Note: N/A = Not Available

⁶⁵ Residential property includes commodity housing units which can be bought or sold and economic housing units.

⁶⁶ Retail property includes all types of retail format in the city. When JLL estimated GFA completed, price and rental value, only major shopping malls, street shops and department stores located in the city's core and emerging retail areas were included.

INDUSTRY OVERVIEW

CHANGZHOU

Changzhou is a major city, situated in the south of Jiangsu Province. It borders Wuxi City to the east, Taihu Lake to the south, Nanjing City to the west and the Yangtze River to the north. The city is situated in the Yangtze Delta region of China. Changzhou is administratively divided into 2 county-level cities — Jintan and Liyang, and five districts — Wujin, Xinbei, Tianning, Zhonglou and Qishuyan. Changzhou covers a total area of approximately 4,385 square kilometers and has a registered population of approximately 3.6 million as of the end of 2008.

As one of the major manufacturing bases in the Yangtze River Delta area, Changzhou's manufacturing industry contributes approximately 60% of Changzhou's nominal GDP in 2008. The key industries in Changzhou include smelting and pressing of ferrous metals, raw chemical materials and chemical products, textile, electronic equipment and machinery, and general equipment manufacturing. Since the establishment of a state-level high-tech development zone in Xinbei District in 1992, Changzhou's government has been putting increasing emphasis on developing high-tech industries in the district.

Changzhou is well connected to nearby cities by various means of transportation. Changzhou Railway Station is one of the busiest stations along the Beijing-Shanghai Railway. With regard to expressways, the Shanghai-Nanjing Expressway connects Changzhou with Nanjing to the west and Shanghai to the east. Looking forward, JLL understands that the Shanghai-Nanjing Intercity railway, which is currently under construction, will further enhance the transportation network into Changzhou after it is completed in July 2010. In addition, the Beijing-Shanghai Express Railway, which is slated for completion in 2012, will shorten traveling time between Shanghai and Changzhou to only 40 minutes. JLL understands the Beijing-Hangzhou Expressway, upon its completion in 2012, will also give travelers improved access to Changzhou by road.

INDUSTRY OVERVIEW

To improve the city’s traffic conditions, the Changzhou government built an express public transportation network — the Bus Rapid Transportation (“BRT”) lines. BRT Line 1, which began operation in April 2008, starts from Xinbei District in the north, goes through the city center and ends in Wujin District in the south. BRT Line 2, which began operation in May 2009, starts from Qishuyan District in the east. The line goes through the city center and ends in Zhonglou District in the west. A BRT Line 3 is currently being planned. JLL believes that the growth of BRT lines have strengthen Changzhou’s intra-city transportation network and has not only improved the mobility of shoppers, residents, workers and tourists in Changzhou but also has made residential and commercial developments located outside the city center more accessible.

Changzhou Map



Source: JLL

INDUSTRY OVERVIEW

Key Statistics

The table below sets forth key economic statistics for Changzhou for the years indicated:

Changzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽¹⁾	CAGR (2002–2008) (%)
Nominal GDP (Rmb billion)	76.1	90.1	110.1	130.3	156.9	188.1	220.2	116.7	19.4%
Real GDP Growth Rate (%) (year-on-year)	12.4	14.5	15.5	15.1	15.2	15.6	12.4	10.7	—
Nominal GDP per Capita (Rmb) ⁶⁷	22,215	26,149	31,665	31,997	37,435	43,695	50,283	N/A	16.3% ⁶⁸
Population (million) ⁶⁹	3.43	3.46	3.49	3.52	3.55	3.57	3.59	N/A	0.8%
Urban Population (million) ⁷⁰	1.58	2.01	2.07	2.13	2.58	2.65	2.69	N/A	6.0% ⁷¹
Urban Disposable Income per Capita (Rmb)	9,933	11,303	12,867	14,589	16,649	19,089	21,592	12,065	13.8%
Urban Consumer Expenditure per Capita (Rmb)	7,973	8,944	9,878	10,718	12,503	13,789	14,967	7,848	11.1%
Direct Foreign Investment (US\$ million)	561	855	580	731	1,251	1,835	2,040	N/A	24.0%
Retail Sales (Rmb billion)	24.9	28.1	32.4	44.4	51.6	61.1	75.8	43.5	20.4%
Total Tourist Arrivals (million)	6.9	8.3	10.6	13.0	15.2	17.7	20.7	N/A	20.1%

Source: Changzhou Statistics Bureau

Note: N/A = Data not available, (1) Represents preliminary data which is subject to change

The table below illustrates key statistics relating to the residential property⁷² market in Changzhou for the years indicated:

Changzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009 ⁽²⁾
Investment in Residential Real Estate (Rmb billion)	3.0	3.7	7.2	7.9	12.3	16.2	21.1	N/A
Residential GFA Completed (sq.m. million)	2.3	1.9	1.9	4.0	3.0	4.9	5.4	N/A
Residential GFA Under Construction (sq.m. million)	4.4	4.9	7.4	9.5	13.5	17.0	18.4	N/A
Residential GFA Sold (sq.m. million)	3.7	3.4	4.6	3.6	4.1	5.1	4.3	3.6
Average Price of Residential Properties (Rmb/sq.m.)	2,376 ⁽¹⁾	2,633 ⁽¹⁾	2,889 ⁽¹⁾	3,380	3,645	3,765	3,886	4,219

Source: (1) — JLL estimates, others — Changzhou Statistics Bureau, Changzhou Real Estate Information Center

Note: N/A = Data not available, (2) Represents preliminary data which is subject to change

⁶⁷ Based on registered population for the period from 2002 to 2004. Remaining years are based on resident population.

⁶⁸ CAGR for the period from 2005 to 2008.

⁶⁹ Registered population.

⁷⁰ Refers to non-rural population for year 2002.

⁷¹ CAGR for the period from 2003 to 2008.

⁷² Residential property includes commodity housing units which can be bought or sold and economic housing units.

INDUSTRY OVERVIEW

The table below illustrates key statistics relating to the retail property⁷³ market in Changzhou for the years indicated:

Changzhou	2002	2003	2004	2005	2006	2007	2008	First half of 2009
Retail Mall GFA								
Completed (sq.m.) . .	0	0	20,000	138,000	0	145,000	0	0
Average Retail Mall								
Price (Rmb/sq.m.) . . .	25,586	26,855	26,883	27,303	28,124	29,323	30,230	31,819
Average Retail Mall								
Rental Value (Rmb/ sq.m./month)	192	197	197	198	199	203	207	212

Source: JLL estimates

Project-specific Details

JLL understands that the company’s proposed project in Changzhou will be named Changzhou Powerlong City Plaza and is located in Zhonglou District to the city’s west. The project covers a site area of approximately 270,000 square meters, with construction to commence in December 2009. Upon its completion, Changzhou Powerlong City Plaza will comprise of residential, retail and hotel components.

Zhonglou District is linked to the city center and other districts by BRT Line 2. The BRT lines have shortened the traveling time between Zhonglou District and other districts in Changzhou and improved the accessibility of residential and commercial developments in Zhonglou District, including Changzhou Powerlong City Plaza. In addition to the BRT lines, an elevated ring road, which links the four major districts in Changzhou, is currently under construction. Upon its expected completion in 2010, it will further enhance the accessibility of Changzhou Powerlong City Plaza.

JLL understands that currently, there are no major shopping malls in the ZEDZ. Many residents living in the area typically go to the CBD to fulfill their shopping needs. About three kilometers away from Changzhou Powerlong City Plaza in the east, there is a small retail center anchored by Auchan Hypermarket and a number of fashion and food and beverage retailers occupying the ground floor.

⁷³ Retail property includes major shopping malls and department stores located in the city’s core and emerging retail areas.