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RREEF China Commercial Trust
睿富中國商業房地產投資信託基金

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 625)

Managed by

RREEF China REIT Management Limited

ANNOUNCEMENT PURSUANT TO LISTING AGREEMENT PARA 4(3) AND RULE 10.3 OF THE CODE ON REAL ESTATE INVESTMENT TRUSTS

The Manager's investigation of this matter has now substantially been completed.

The independent sub-committee's report to the Board has been submitted to the Board along with reports from both of Clifford Chance and Ernst & Young. The Board has considered the reports and endorsed them, together with the following:

- a valuation provided by DTZ Debenham Tie Leung Limited ("DTZ"), setting out their opinion of the market value of the Property as at 30 September 2007, the valuation being in compliance with the requirements set out in Chapter 6 of the Code on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission and valuation standards of The Hong Kong Institute of Surveyors;

- supporting, independent opinions from Colliers International Hong Kong Limited and Savills Valuation and Professional Services Limited, confirming in each case that they agreed with the methodology adopted by DTZ for their opinion; and

- an opinion under PRC law as to the validity of property title of the Property.

The Board has also reviewed and considered the following latest financials of RREEF CCT:

- a non-statutory audit of the consolidated financial statements of RREEF CCT for the period from 22 June 2007 (the listing date) to 30 September 2007, being conducted by KPMG, which has incorporated the valuation provided by DTZ as at 30 September 2007 and the payment of HK$278,526,708 made by the Vendor to the Trustee on 7 September 2007; and

- agreed-upon procedures performed by KPMG on certain calculations of the hypothetical projected consolidated financial position of RREEF CCT as at 30 September 2007 prepared by the Manager based on the discrepant lease agreements as if they were correct and effective up to 30 September 2007.

In summary, it appears that:

- there was a complex fraud perpetrated by members of the Vendor's team, which had the effect of concealing the true lower value of rentals payable by tenants of the building;

- the fraud was of a degree of sophistication that meant that, despite what Clifford Chance consider to have been robust due diligence for the purposes of RREEF CCT's IPO (at or at least consistent with industry standards), it was not detected by any of the Manager, the Joint Global Co-ordinators of RREEF CCT's IPO, their respective legal advisers or the Reporting Accountants;

- the extent of the discrepancies in rental is in fact an aggregate value of substantially the same order as the Manager had provisionally ascertained at the time of the announcement dated 10 September 2007. Accordingly, as the Manager indicated it expected in the 10 September 2007 announcement, as a result of the Vendor's payment of HK$278,526,708 on 7 September 2007, the Manager considers that RREEF CCT will not suffer any shortfall of distribution by reason of the discrepancies identified;

- however, in addition, the rental discrepancies mean that the actual value of the Property would have been lower, and hence the net assets attributable to unit holders of RREEF CCT (excluding deferred taxation) is HK$ 69,663,000 lower (as at 30 September 2007) than it would have been if the rental values had in fact been at the level represented and warranted by the Vendor, and as reflected in the Offering Circular issued on 11 June 2007;

- however, by reason of the matters set out in this announcement below, the shortfall in net assets attributable to unit holders of RREEF CCT, together with the amount of cost and expense incurred by the Manager on behalf of RREEF CCT in addressing the fraud and discrepancies, should be more than entirely covered by funds that might otherwise potentially be owing to the Vendor but under the control of the Manager, or by the retention sum held by the Trustee pursuant to the Sale and Purchase Agreement with the Vendor, such that there is in fact no diminution in the net assets attributable to unit holders of RREEF CCT;

- the independent sub-committee of the Board, having considered the matter with due scepticism and caution, accepts that the due diligence process and related work for the purposes of the IPO was, at the very least, adequate and met commercial due diligence standards;

- nevertheless, the independent sub-committee remains very concerned that the fraud was perpetrated and has recommended that the Manager further enhance its due diligence procedures and corporate governance standards, at a level above industry standards, going forward. The Board has accepted these recommendations and also looks forward to consulting with the SFC and the Exchange concerning these and other matters.

Clifford Chance's conclusion is that no feature (either on its own or in conjunction with other matters) should reasonably have been regarded as sufficient to prompt any real concern about the reliability of the outcome of the due diligence process and hence the accuracy and completeness of the offering memorandum used for the IPO.

The Board has obtained a new PRC legal opinion as to the validity of property title of the Property from Jun He Law offices. The PRC legal opinion concludes that HK Gateway Plaza Company Limited, which is ultimately entirely beneficially owned by RREEF CCT, does have legal title to the Property.

The Board has obtained a new valuation of the Property as at 30 September 2007 from DTZ. It is DTZ's opinion that, whilst it would in normal circumstances be reasonable to apply a 9.0% discount rate for such a valuation of such a property, in the present case, mainly due to the passing rental being significantly below the current market rent, it is appropriate to apply a discount rate of 9.25% to the actual rentals payable by tenants of the Property. DTZ's opinion is that the market value of the Property as at 30 September 2007 was HK$ 3,699,000,000.

In summary, after taking into account the Vendor's payment of HK$278,526,708 on 7 September 2007 to RREEF CCT (which was used to adjust the consideration payable for the acquisition), the net assets attributable to unit holders of RREEF CCT (excluding deferred taxation) as at 30 September 2007 is HK$ 69,663,000 lower than it would have been if the rental values had been in fact as represented and warranted by the Vendor, and as reflected in the Offering Circular issued on 11 June 2007.

In addition, the Manager has noted that:

- there are two tenants in the Property owned and controlled by the Vendor which are one month in arrears. Under the terms of the Lease Agreements, an aggregate rental sum of approximately HK$ 40.6 million is payable over their duration;

- the tenant leasing the advertising rights at the Property is also in arrears. Under the terms of the advertising agreement an aggregate rental sum of approximately HK$ 82.2 million is payable over its duration. This rental sum has been secured by a guarantee given by the Vendor.

The Manager notes that in fact, as a result of the Vendor's payment of HK$278,526,708 on 7 September 2007, the Manager considers that RREEF CCT will not suffer any shortfall of distribution by reason of the discrepancies identified between the High Lease Agreements and the Low Lease Agreements.

The Manager also notes that whilst there is an aggregate shortfall of approximately HK$ 70 million in respect of the net assets attributable to unit holders of RREEF CCT, plus approximately a further HK$ 22.2 million in respect of costs and expenses incurred and to be incurred in connection with the matter on behalf of RREEF CCT, that total shortfall (of approximately HK$ 92.2 million) should be more than covered by funds which are potentially owing to the Vendor but which are under the control of the Trustee or the Manager and in respect of which it appears that rights of set-off may be exercised on behalf of RREEF CCT.

In addition, the Manager recognises that there might be a further risk in respect of the sum of approximately HK$ 82.2 million for the advertising rent payable. Again, that shortfall should be covered by funds which are potentially owing to the Vendor but which are under the control of the Trustee or the Manager and in respect of which it appears that rights of set-off may be exercised on behalf of RREEF CCT.

The aggregate of these shortfalls is approximately HK$ 174.4 million.

The funds available to the Trustee or the Manager to set-off these shortfalls in aggregate are approximately HK$ 271 million. The sources of these funds are twofold:

First, it is estimated that, in respect of the funds held by Beijing Jones Lang LaSalle in cash on behalf of the Manager following completion of the purchase of the Property, a sum in the order of HK$ 115 million is potentially owing to the Vendor following completion of the post-completion adjustment mechanism set out in the Sale and Purchase Agreement with the Vendor.

Secondly, US$ 20 million (approximately HK$ 156 million, using an exchange rate of US$ 1 = HK$ 7.8) remains held by the Trustee as a retention as security pursuant to the Sale and Purchase Agreement with the Vendor.

The Manager has exercised its rights of set-off against the HK$ 271 million under its control to the amount of approximately HK$ 174.4 million. The Manager will continue to exercise its rights of set off against the balance of approximately HK$ 96.6 million, in respect of any further loss, or additional expenses incurred by it on behalf of RREEF CCT, going forward.

The Manager also recognises a further potential risk in respect of the Vendor's tenancies referred to above, (in a total sum of approximately HK$ 40.6 million over the lifetime of the Lease Agreements). In respect of the rental income that is in arrears (currently only one month), the Manager has served rental demand notices and is pursuing all appropriate legal remedies, including possible eviction of the tenants and re-letting of the premises to new tenants.

The Board of the Manager resolved on 26 October 2007 that the Vendor be removed as a director of the Manager and notice was immediately served to that effect on the Vendor.

The Board of the Manager does not consider it appropriate for the Vendor to continue to be a shareholder of the Manager and is pursuing ways in which the Vendor might be divested of his shareholding.

The Board has resolved, generally, that all necessary steps be taken to pursue claims on behalf of the Manager, on behalf of RREEF CCT against the Vendor.

The Board has also resolved to report this matter to the police authorities, and the Manager is in the process of reporting to those authorities.

The 10 September 2007 announcement

RREEF China REIT Management Limited (the "Manager"), the manager of RREEF China Commercial Trust ("RREEF CCT"), refers to its announcement dated 10 September 2007. In the announcement dated 10 September 2007, the Manager announced that:

- the Manager had discovered discrepancies between the amount of the rental payments being made by tenants of the Beijing Gateway Plaza (the "Property"), and the amount of the rental payments expected to be paid under the lease agreements disclosed to the Manager at the time of listing of RREEF CCT;

- at the Manager's request, Mr Tin Lik, the vendor of the Property ("Vendor") had agreed to make an upfront, immediate payment of HK$278,526,708 into the account of the Trustee on an unconditional basis to make good the expected difference in rental payments. This sum was paid into the account of the Trustee of RREEF CCT on 7 September 2007;

- the Manager was taking urgent steps to investigate and ascertain the cause of the discrepancy;

- specifically, the Manager had constituted a sub-committee of the Board of the Manager chaired by Mr Mark Ford, an independent non-executive director, to oversee a full and independent investigation and to take such other steps as may be appropriate to safeguard the interests of unit holders;

- the Manager had also retained an international accounting firm independently to review the financial shortfall resulting from the discrepant lease agreements and requested the Trustee to instruct DTZ Debenham Tie Leung Limited ("DTZ") to conduct an independent valuation of the Property as soon as possible;

- the Vendor had agreed to co-operate fully with the Manager in relation to its investigation, and had agreed to stand-down from any active participation as a director of the Manager pending the outcome of the investigation referred to above; and

- the Manager would issue as soon as practicable further announcements providing the independent valuation and full details of the outcome of its investigation referred to above.

Substantial completion of the investigation of the matter

The Manager's investigation of this matter has now substantially been completed. To assist the independent sub-committee of the Board (chaired by Mr. Ford and also comprising Mr. Jack Rodman and Dr. Meng Xiaosu, all independent non-executive directors of the Manager), Clifford Chance, solicitors, and Ernst & Young, accountants, were engaged each to conduct a detailed investigation of the matter. The independent sub-committee's report to the Board has been submitted to the Board along with reports from both of Clifford Chance and Ernst & Young. The Board has considered the reports and endorsed them, together with the following:

- a valuation provided by DTZ, setting out their opinion of the market value of the Property as at 30 September 2007, the valuation being in compliance with the requirements set out in Chapter 6 of the Code on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission (the "SFC") (the "SFC REIT Code") and valuation standards of The Hong Kong Institute of Surveyors;

- supporting, independent opinions from Colliers International Hong Kong Limited ("Colliers") and Savills Valuation and Professional Services Limited ("Savills"), confirming in each case that they agreed with the methodology adopted by DTZ for their opinion; and

- an opinion under PRC law as to the validity of property title of the Property.

The Board has also reviewed and considered the following latest financials of RREEF CCT:

- a non-statutory audit of the consolidated financial statements of RREEF CCT for the period from 22 June 2007 (the listing date) to 30 September 2007, being conducted by KPMG, which has incorporated the valuation provided by DTZ as at 30 September 2007 and the payment of HK$278,526,708 made by the Vendor to the Trustee on 7 September 2007; and

- agreed-upon procedures performed by KPMG on certain calculations of the hypothetical projected consolidated financial position of RREEF CCT as at 30 September 2007 prepared by the Manager based on the discrepant lease agreements as if they were correct and effective up to 30 September 2007.

Reports provided to the SFC and The Stock Exchange of Hong Kong Limited

Full copies of the reports and the above financials provided to the Board have also been provided to both the SFC and The Stock Exchange of Hong Kong Limited (the "Exchange") for their review and consideration.

Key findings of the independent sub-committee of the Board, Clifford Chance and Ernst & Young

The key findings in the reports of the independent sub-committee, Clifford Chance and Ernst & Young are as follows. In summary, it appears that:

- there was a complex fraud perpetrated by members of the Vendor's team, which had the effect of concealing the true lower value of rentals payable by tenants of the building;

- the fraud was of a degree of sophistication that meant that, despite what Clifford Chance consider to have been robust due diligence for the purposes of RREEF CCT's IPO (at or at least consistent with industry standards), it was not detected by any of the Manager, the Joint Global Co-ordinators of RREEF CCT's IPO ("JGCs"), their respective legal advisers or the Reporting Accountants;

- the extent of the discrepancies in rental is in fact an aggregate value of substantially the same order as the Manager had provisionally ascertained at the time of the announcement dated 10 September 2007. Accordingly, as the Manager indicated it expected in the 10 September 2007 announcement, as a result of the Vendor's payment of HK$278,526,708 on 7 September 2007, the Manager considers that RREEF CCT will not suffer any shortfall of distribution by reason of the discrepancies identified;

- however, in addition, the rental discrepancies mean that the actual value of the Property would have been lower, and hence the net assets attributable to unit holders of RREEF CCT (excluding deferred taxation) is HK$ 69,663,000 lower (as at 30 September 2007) than it would have been if the rental values had in fact been at the level represented and warranted by the Vendor, and as reflected in the Offering Circular issued on 11 June 2007;

- however, by reason of the matters set out in this announcement below, the shortfall in net assets attributable to unit holders of RREEF CCT, together with the amount of cost and expense incurred by the Manager on behalf of RREEF CCT in addressing the fraud and discrepancies, should be more than entirely covered by funds that might otherwise potentially be owing to the Vendor but under the control of the Manager, or by the retention sum held by the Trustee pursuant to the Sale and Purchase Agreement with the Vendor, such that there is in fact no diminution in the net assets attributable to unit holders of RREEF CCT;

- the independent sub-committee of the Board, having considered the matter with due scepticism and caution, accepts that the due diligence process and related work for the purposes of the IPO was, at the very least, adequate and met commercial due diligence standards;

- nevertheless, the independent sub-committee remains very concerned that the fraud was perpetrated and has recommended that the Manager further enhance its due diligence procedures and corporate governance standards, at a level above industry standards, going forward. The Board has accepted these recommendations and also looks forward to consulting with the SFC and the Exchange concerning these and other matters.

The investigatory process

Notwithstanding their non-executive role, the members of the independent sub-committee have spent considerable time and effort dealing with this matter in the six weeks since the establishment of the independent sub-committee on 10 September 2007. Under the independent sub-committee's close and continuous supervision, a great deal of underlying work has been carried out by Clifford Chance and Ernst & Young, who were between them charged with investigating the matter and analysing the issues for consideration by the independent sub- committee.

Neither Clifford Chance nor Ernst & Young had been previously involved in the transaction. No limits were placed on the budget for the investigations, the intention being to ensure as thorough an investigation and review as practicable. Clifford Chance was requested by the independent sub-committee to, amongst other things, investigate the cause of the discrepant lease agreements and the reasons why they were not detected prior to the listing, including providing their opinion as to the adequacy or otherwise of the due diligence process. Ernst & Young were instructed to identify and describe the due diligence procedures carried out by the Manager prior to the acquisition of the Property, in particular the confirmation of the lease agreements.

From the outset of the investigation of this matter, the independent sub-committee, Clifford Chance and Ernst & Young have sought to adopt a sceptical and penetrating approach. Considerable professional expertise was applied to the due diligence exercise pre-IPO, and it has been absolutely necessary to ask candidly, why were the rental discrepancies not detected during the due diligence exercise? Answers given by those involved in the due diligence exercise have not simply been accepted at face value, but have been evaluated in the light of all of the facts and benchmarked against industry standards and regulatory requirements and guidance for due diligence.

There has also been a recognition that, as private parties, the independent sub-committee and its consultants do not have mandatory investigation powers, and further a number of individuals were either no longer available to be interviewed (as ex-employees, for example, of Beijing Jones Lang LaSalle) or were not willing to co-operate significantly (this applies to the Vendor himself). Every reasonable effort has been made to ascertain the facts. But, before findings have been made, careful consideration has been given as to how firm those findings can be, given that inevitably not every source of information has been accessible.

Also, there is no direct evidence to show who, within the Vendor's team, was actively involved in the fraud, and who was not. When the Vendor first responded on the question of the rental discrepancies, in a fax dated 5 September 2007 he said "*This came as a total surprise for us here at Bestride*" indicating that he was not aware of the fraud. In light of the findings of the investigation, that statement is highly implausible.

Notwithstanding these qualifications in fact, Clifford Chance, Ernst & Young and the independent sub-committee have a high degree of confidence that they understand the extent of the fraud and have been able adequately to ascertain and evaluate the due diligence process. Both Clifford Chance and Ernst & Young have confirmed that they are satisfied that they felt at all times that they had unrestricted access to information available to the Manager (excepting the Vendor as a director of the Manager), the Trustee and the JGCs.

Clifford Chance's investigation, as the primary investigators, was detailed. It involved, amongst other things, the following: comparing originals of the discrepant leases (with purported high rentals and low rentals respectively in respect of each tenancy, the lower lease agreements having been provided by the Vendor to the Manager on 6 September 2007); reviewing the due diligence process carried out insofar as it related to the terms of leasing by tenants; interviewing representatives of the Manager, JGCs and their various professional advisors; interviewing tenant representatives in relation to their rental arrangements and their participation in the due diligence rental confirmation process; at the end of the process, seeking to interview the Vendor and representatives of his team to get their comments and views on what appeared to have happened (but without co-operation from the Vendor); and reviewing the Manager's internal reporting and governance, including a review of the material provided to the Board on due diligence.

Ernst & Young also independently reviewed available due diligence files and conducted interviews of personnel of the Manager involved in the due diligence process, as well as certain advisors and representatives of certain tenants.

The Manager has been aware at all times of the importance of the role of the Trustee. Steps have been taken throughout the process to communicate directly and regularly with the Trustee in connection with this matter and to apprise the Trustee of the outcome of the work performed by and on behalf of the independent sub-committee. Representatives of the Trustee have reviewed in draft the reports produced by the independent sub-committee, Clifford Chance and Ernst & Young. Relevant work-products of other professional advisers involved were also forwarded to the Trustee for review. The Trustee has been invited to, attended and participated in all meetings of the independent sub-committee.

The fraud

The fraud at its heart involved the surreptitious generation of false lease agreements which were introduced covertly into the due diligence process. It does not appear to have involved undisclosed side-letters or side-agreements with tenants. In particular, the Vendor's team surreptitiously intercepted tenant confirmations provided in response to due diligence questionnaires and altered the documents before they were returned to those conducting the due diligence. The discrepant lease agreements with high values (the "High Lease Agreements") which were produced for the purposes of due diligence were the product of a fraud conducted in a clandestine manner without any apparent knowledge or involvement of the Manager, the JGCs or their respective professional advisers. Whilst both the High Lease Agreements and the lease agreements at lower values actually entered into by tenants (the "Low Lease Agreements") all appear on their face to be legitimate original documents, a detailed inspection conducted from the standpoint of testing the authenticity of the documents revealed that Low Lease Agreements subsequently had pages swapped fraudulently so as to create the false High Lease Agreements. The Low Lease Agreements were provided by the Vendor to the Manager on 6 September 2007. The nature of these discrepancies is such that they are much more readily discernible when the two sets of original Lease Agreements can be directly compared, one against the other. These irregularities have now become clear, but only after a detailed, sceptical comparative review and with the benefit of having both sets of original Lease Agreements available. Approached in this manner, the discrepancies have been identified. But they are not immediately obvious.

The fraud also involved the falsifying of accounts, tenant invoices and original bank documents reviewed by KPMG as part of their work in the role of reporting accountants in the IPO.

As described above, it was not possible to identify direct evidence implicating individual members of the Vendor's team in the fraud.

There is no evidence to suggest that the tenants at management level were involved in the fraud in any way.

It has not, however, been possible entirely to rule out the possibility that, at some level, some individual representatives of some tenants may have at least have had a basis for suspecting that something was untoward.

Due diligence on the property investment was conducted by the Manager as required by the Code on Real Estate Investment Trusts. The JGCs conducted due diligence also. The Manager and the JGCs each instructed their own advisors, and separately reached and documented their own conclusions. Professional advisors retained by the Manager and the JGCs to conduct the discrete aspects of the due diligence process included KPMG as reporting accountants, auditors and tax consultants, Paul Hastings as the Manager's Hong Kong legal advisers, Simmons & Simmons as the JGCs' Hong Kong legal advisers, Commerce & Finance as the Manager's PRC legal advisers, King & Wood as the JGCs' PRC legal advisers, DTZ as Independent Property Valuer and Knight Frank as Market Consultant and Building Surveyor.

A further check on the lease arrangements was embodied in the trilateral agreements signed by each tenant after the transfer of the Property from Beijing Bestride Estate Development Company Limited to HK Gateway Plaza Company Limited on 26 April 2006. The trilateral agreements contained a clause stating that the tenant had not entered into any other oral or written agreement with the landlord, other than the Lease Agreement and provided comfort against any undisclosed side arrangements with tenants. As the High Lease Agreements and Low Lease Agreements each bore the same date, the reference in each trilateral agreement to the underlying Lease Agreement appeared entirely consistent with the information available to those conducting the due diligence.

The potential existence of the fraud was only first detected by the Manager in August 2007. This was because, as part of the transitional arrangements, rental payments for end June and July 2007 were paid to the Vendor's account and then remitted to the Manager. The Vendor topped-up these payments so that the Manager received the rental it expected.

Adequacy of due diligence and related work

Clifford Chance's view is that, in light of the above, the due diligence and related work carried out by the various parties and their professional advisers relating to verification of the terms of the tenancy and rental income was robust.

In particular, the due diligence processes involved reinforcing and overlapping methodologies, most notably:

- review of original Lease Agreements by PRC legal advisers and KPMG;
- tenant interviews;
- tenant written confirmations;
- financial due diligence;
- valuation of the building on a tenant occupied basis; this valuation inevitably involved by way of input the valuer's own assessment of the rental levels of the Lease Agreements;
- comparison of rentals against an independent market survey; and
- background / litigation checks on the Vendor.

It is also important to bear in mind that the quality of the tenants was "blue-chip", consistent with the quality and profile of the building.

The determination of which tenant organisations should be interviewed, and what questions should be asked, was free from material influence by the Vendor.

The extent and scope of due diligence in respect of tenants appears fully adequate, starting with the top ten tenants but going further than them.

It is evident that even non-material incompleteness in responses from tenants were the subject of follow-up with the tenants directly.

Tenant interviews were driven by the JGCs and legal counsel (with participation by the Manager) and the Vendor's representatives did not speak during the interview. Follow up interviews were carried out where there was doubt about the tenant representative (except in one case where a tenant confirmation was obtained instead).

The work carried out by KPMG in their role as reporting accountants on the historical financial information (and in accordance with Hong Kong Standards on Auditing, and the Auditing Guideline "Prospectuses and the reporting accountant") appears to have been sound.

In particular, the Vendor provided KPMG with what purported to be an original set of Lease Agreements. These were the High Lease Agreements, although at the time no-one was aware that there were two sets of original Lease Agreements in existence. KPMG verified that the rental information in all of those agreements matched the information contained in the master rent roll provided by the Vendor.

KPMG also applied a logic test to the total revenue recorded for the relevant period, i.e. computing an estimate of the total rental revenue amounts for the relevant period by taking into account the data contained in the master rent roll, including monthly rent, number of months in the Lease Agreements (including rent-free periods), and comparing the estimate with the amounts recorded in the financial statements provided by the Vendor. KPMG also performed vouching tests in respect of an appropriate number of sample tenant transactions (checking as part of these tests copy debit notes, original bank pay-in slips (which evidenced one payment), copy invoices and original bank statements), and an appropriate settlement test of rental receivables as at 31 December 2006, as well as a comparison of the rentals in the master rent roll to market rates. (The foregoing does not reflect the entirety of KPMG's work. In no respect has Clifford Chance identified any weakness in KPMG's work, as described above or otherwise.)

There were representatives from several professional advisers involved in the preparation and execution of the due diligence process which itself provides a form of check as to its adequacy. There was a series of experienced professional advisors, two major banks as the JGCs and KPMG as reporting accountant. All played their part in the due diligence process - and all were misled.

The due diligence work was conducted against a background in which it was always envisaged that the Vendor would remain involved in the Manager as a director and shareholder. The Vendor was a co-venturer and had a continuing, regulated involvement.

Clifford Chance's conclusion is that, having considered the matter very carefully in their opinion based upon their investigation, no feature (either on its own or in conjunction with other matters) should reasonably have been regarded as sufficient to prompt any real concern about the reliability of the outcome of the due diligence process and hence the accuracy and completeness of the offering memorandum used for the IPO.

Clifford Chance have reviewed the operational, corporate governance and compliance policies and procedures of the Manager, and considered whether there has been any apparent material breach of them. Clifford Chance's conclusion is that they consider that the policies and procedures meet all regulatory standards, and indeed in a number of significant respects exceed industry standards. It is not apparent to Clifford Chance that, in any material respect, there has been a failure to meet the policies, procedures and operations manual requirements of the Manager.

Advice on validity and enforceability of the Lease Agreements

The Manager has, as a precaution, sought and obtained advice both from Clifford Chance as international counsel and a PRC firm of lawyers, Jincheng & Tongda Law Firm, as to the validity and enforceability of the Lease Agreements. The advice is that the Low Lease Agreements are the leases that are binding on RREEF CCT (and the tenants).

Conclusions and recommendations of the independent sub-committee

The independent sub-committee is satisfied that the scope of its terms of reference has been adequate to allow all material factors relating to this issue to be properly investigated and considered by the Manager.

The independent sub-committee is satisfied that Clifford Chance has properly performed its services pursuant to the terms of its engagement, and that its terms of engagement were appropriate in all of the circumstances.

The independent sub-committee is satisfied that Ernst & Young has properly performed its services pursuant to its terms of engagement, and that its terms of engagement were appropriate in all of the circumstances.

The independent sub-committee has noted and considered the contents of Ernst &Young's work and Clifford Chance's opinion. The independent sub-committee has concluded that Clifford Chance's opinion is a reasonable one: namely that the due diligence work was, at the very least, adequate and met commercial due diligence standards. Unfortunately, this appears to be a case of fraud, which, unless one knew it was happening at the time, was inherently difficult to detect, given the relatively sophisticated manner in which it was carried out.

The independent sub-committee considered that there was no reason why DTZ's continued appointment as Property Valuer might be compromised by its involvement in the listing process. Nevertheless, the sub-committee arranged, for transparency, second opinions on methodology to be obtained from two other valuers, and noted that this process led to robust and appropriate testing and verification of DTZ's methodology and conclusions in respect of its new valuation of the Property as at 30 September 2007 referred to below.

The independent sub-committee has, in addition, recommended to the full Board of the Manager the following action:-

In light of the issues which have unfortunately arisen in respect of the Property, a higher degree of on the ground management of the Property and its commercial tenants by the Manager's representatives directly be undertaken going forward.

Although the fraud of the Vendor was complex and difficult to detect, the Manager must nevertheless respond by adopting direct due diligence practices at a level well above observed industry standards in respect of any future acquisitions, especially because RREEF CCT is primarily targeting assets in China. Whilst the due diligence procedures conducted for the acquisition of the Property appear to have been robust and adequately implemented, and the substance of the measures set out below were already in place, the independent sub-committee is of the opinion that the process can be improved for future transactions by implementation of a more structured and formalized approach as set out below. The independent sub-committee recognizes, however, that even if a more structured approach had been adopted in this case from the outset, the level and nature of this clandestine fraud was such that it is highly unlikely that it would have been detected.

The independent sub-committee has recommended that, at the outset of any transaction, the Manager should prepare an independent comprehensive "Due Diligence Planning Memorandum" in advance of engaging, orchestrating and documenting the due diligence process with its underwriters, wherein it sets out detailed due diligence steps and allocations of responsibility for undertaking those steps. At the conclusion of the due diligence and prior to execution of the transaction, each member of the Due Diligence Committee (see below) should sign off on the Due Diligence Planning Memorandum to confirm that they are satisfied that it has been implemented, with exceptions, and reasons for those exceptions, being noted. Because RREEF CCT will acquire its future assets in China, the Due Diligence Planning Memorandum will have to incorporate an even more circumspect approach than would be taken in respect to the investigation and verification of title to property as well as the veracity of, and the quantum of, rental revenue and other income streams.

RREEF CCT's Due Diligence Committee should be expanded to include a non-executive director of the Manager as chairperson; at least one representative of the underwriters or financial advisers; the partner responsible for the transaction from the Manager's legal advisers; and the partners responsible for the transaction from the Manager's financial advisers, accounting and independent expert(s). The Due Diligence Committee meetings would also, of course, be attended by executive managers responsible for undertaking detailed due diligence and internal legal and compliance, and reports from advisers should be presented as necessary, progress should be reviewed and a standing agenda item should be any matters of potential, material concern arising from the due diligence process. The deliberations of the Due Diligence Committee meetings would be comprehensively documented. The minutes of board meetings are proposed to be similarly comprehensive.

Finally, the independent sub-committee recommended that the findings of its investigation should be reported to, and a copy of the independent sub-committee's report filed with, the police authorities.

PRC legal opinion as to the validity of property title of the Property

The Board has obtained a new PRC legal opinion as to the validity of property title of the Property from Jun He Law offices. The PRC legal opinion concludes that HK Gateway Plaza Company Limited, which is ultimately entirely beneficially owned by RREEF CCT, does have legal title to the Property.

DTZ's valuation of the Property as of 30 September 2007

The Board has obtained a new valuation of the Property as at 30 September 2007 from DTZ which is set out in **Appendix 1** to this announcement. It is DTZ's opinion that, whilst it would in normal circumstances be reasonable to apply a 9.0% discount rate for such a valuation of such a property, in the present case, mainly due to the passing rental being significantly below the current market rent, it is appropriate to apply a discount rate of 9.25% to the actual rentals payable by tenants of the Property. DTZ's opinion is that the market value of the Property as at 30 September 2007 was HK$ 3,699,000,000.

As mentioned above, Colliers and Savills have opined that they agree with the methodology used by DTZ in their valuation. Colliers' and Savills' opinions are set out in **Appendix 2** to this announcement.

Non-statutory audit of RREEF CCT's consolidated financial statements for the period ended 30 September 2007 by KPMG

KPMG has been conducting a full-scope non-statutory audit of RREEF CCT's consolidated financial statements for the period from 22 June 2007 (the listing date) to 30 September 2007. They have also performed agreed-upon procedures on certain calculations of the hypothetical projected consolidated financial position of RREEF CCT as at 30 September 2007 (the "Projected Financial Information") prepared by the Manager based on the discrepant High Lease Agreements as if they were correct and effective up to 30 September 2007. A summary of the consolidated balance sheet of RREEF CCT as at 30 September 2007 (being audited by KPMG) together with a comparison with the Projected Financial Information (on which agreed-upon procedures have been performed by KPMG) is set out in **Appendix 3** to this announcement. In summary, after taking into account the Vendor's payment of HK$278,526,708 on 7 September 2007 to RREEF CCT (which was used to adjust the consideration payable for the acquisition), the net assets attributable to unit holders of RREEF CCT (excluding deferred taxation) as at 30 September 2007 is HK$ 69,663,000 lower than it would have been if the rental values had been in fact as represented and warranted by the Vendor, and as reflected in the Offering Circular issued on 11 June 2007.

Additional costs and expenses incurred and forecast to be incurred in future by the Manager on behalf of RREEF CCT in addressing the impact of the rental discrepancies

Very considerable time and cost has had to be incurred by the Manager to investigate the rental discrepancies, engage the consultants and advisers, obtain an audit and the necessary legal and valuation opinions, report to the SFC and the Exchange, and make this announcement.

The Manager anticipates that significant further time and expense will have to be incurred by it on behalf of RREEF CCT, focused on, amongst other things, the following:

- enhancing the management of the Property, in particular to continue to develop strong relationships with the existing, and future, tenants of the Property;
- enhanced marketing of the Property and its facilities;
- an investor roadshow;

- consideration of further fund-raising and investment activity on behalf of RREEF CCT. No decision has been made yet by the Manager as to what, if any, such activities to undertake, but amongst other things the Manager wishes to give consideration to the advisability and appropriateness of a potential buy-back of units in RREEF CCT.

The Manager estimates that the costs described above will be in the order of, in aggregate, HK$ 22.2 million.

Additional rental revenues relating to the Vendor which are potentially at risk

In addition, the Manager has noted that:

- there are two tenants in the Property owned and controlled by the Vendor which are one month in arrears. Under the terms of the Lease Agreements, an aggregate rental sum of approximately HK$ 40.6 million is payable over their duration;

- the tenant leasing the advertising rights at the Property is also in arrears. Under the terms of the advertising agreement an aggregate rental sum of approximately HK$ 82.2 million is payable over its duration. This rental sum has been secured by a guarantee given by the Vendor.

No shortfall in net assets attributable to unit holders of RREEF CCT, or rental payments due from tenants (expected under the High Lease Agreements) not affiliated with the Vendor

As stated in the 10 September 2007 announcement, the Manager's priority is to ensure that the interests of unit holders are protected.

The Manager notes that in fact, as a result of the Vendor's payment of HK$278,526,708 on 7 September 2007, the Manager considers that RREEF CCT will not suffer any shortfall of distribution by reason of the discrepancies identified between the High Lease Agreements and the Low Lease Agreements.

The Manager also notes that whilst there is an aggregate shortfall of approximately HK$ 70 million in respect of the net assets attributable to unit holders of RREEF CCT, plus approximately a further HK$ 22.2 million in respect of costs and expenses incurred and to be incurred in connection with the matter on behalf of RREEF CCT, that total shortfall (of approximately HK$ 92.2 million) should be more than covered by funds which are potentially owing to the Vendor but which are under the control of the Trustee or the Manager and in respect of which it appears that rights of set-off may be exercised on behalf of RREEF CCT.

In addition, the Manager recognises that there might be a further risk in respect of the sum of approximately HK$ 82.2 million for the advertising rent payable. Again, that shortfall should be covered by funds which are potentially owing to the Vendor but which are under the control of the Trustee or the Manager and in respect of which it appears that rights of set-off may be exercised on behalf of RREEF CCT.

The aggregate of these shortfalls is approximately HK$ 174.4 million.

The funds available to the Trustee or the Manager to set-off these shortfalls in aggregate are approximately HK$ 271 million. The sources of these funds are twofold:

First, it is estimated that, in respect of the funds held by Beijing Jones Lang LaSalle in cash on behalf of the Manager following completion of the purchase of the Property, a sum in the order of HK$ 115 million is potentially owing to the Vendor following completion of the post-completion adjustment mechanism set out in the Sale and Purchase Agreement with the Vendor.

Secondly, US$ 20 million (approximately HK$ 156 million, using an exchange rate of US$ 1 = HK$ 7.8) remains held by the Trustee as a retention as security pursuant to the Sale and Purchase Agreement with the Vendor.

Potential rental income from companies affiliated with the Vendor

The Manager also recognises a further potential risk in respect of the Vendor's tenancies referred to above, (in a total sum of approximately HK$ 40.6 million over the lifetime of the Lease Agreements). In respect of the rental income that is in arrears (currently only one month), the Manager has served rental demand notices and is pursuing all appropriate legal remedies, including possible eviction of the tenants and re-letting of the premises to new tenants.

Meetings with the Vendor

Notwithstanding the fact that, even as things stand now with the Vendor, there is no shortfall of distribution or the net assets attributable to unit holders of RREEF CCT or in costs and expenses incurred and to be incurred arising from the fraud and the rental discrepancies, nevertheless, the Manager sought to strengthen further the position of RREEF CCT and its unit holders.

Representatives of the Manager requested a meeting with the Vendor. Despite having agreed to this meeting (and following earlier cancellations on the part of the Vendor), the Vendor did not appear at the appointed time and instead instructed his Hong Kong lawyers to write to the Manager to advise that the Vendor was "*heavily engaged in business matters in the People's Republic of China*" and was unable to attend the meeting. Through Clifford Chance, the Manager has further corresponded with the Vendor's lawyers to try to obtain a meeting with the Vendor. Those attempts have proved unsuccessful and it appears that the Vendor will no longer cooperate with the Manager.

As a result, the Manager has written to the Vendor setting out in detail the additional claims that RREEF CCT and the Manager have against him as described above. Following despatch of the letter to the Vendor, the Manager has exercised its rights of set-off against the HK$ 271 million under its control to the amount of approximately HK$ 174.4 million. The Manager will continue to exercise its rights of set off against the balance of approximately HK$ 96.6 million, in respect of any further loss, or additional expenses incurred by it on behalf of RREEF CCT, going forward.

Removal of the Vendor as a director of the Manager

The Board of the Manager resolved on 26 October 2007 that the Vendor be removed as a director of the Manager and notice was immediately served to that effect on the Vendor.

The Vendor as 20% shareholder in the Manager

The Board of the Manager does not consider it appropriate for the Vendor to continue to be a shareholder of the Manager and is pursuing ways in which the Vendor might be divested of his shareholding.

Pursuit of claims generally against the Vendor and reports to the police authorities

The Board has resolved, generally, that all necessary steps be taken to pursue claims on behalf of the Manager, on behalf of RREEF CCT against the Vendor.

The Board has also resolved to report this matter to the police authorities, and the Manager is in the process of reporting to those authorities.

By order of the Board
RREEF China REIT Management Limited
As manager of RREEF China Commercial Trust
Kurt William Roeloffs, Junior
Chairman of the Manager

Hong Kong, 28 October 2007

The Directors of the Manager jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Directors of the Manager as at the date hereof are Mr Kurt William Roeloffs, Junior (Chairman and Non-executive Director), Mr Paul Thomas Keogh as Executive Director; Mr Brian David Chinappi, Mr Michael Eugene Buquoi and Mr Niel Thassim as Non-executive Directors; and Mr Jack Richard Rodman, Mr Mark Henry Ford and Dr Meng Xiaosu as Independent Non-executive Directors.

Appendix 1

DTZ 戴德梁行

Valuation Report No. :	F07-000903

Our Ref : KFC/WKC/JM/jc

Date : 23 October 2007

HSBC Institutional Trust Services (Asia) Limited
(as Trustee of RREEF China Commercial Trust)
Level 30, HSBC Main Building
1 Queen's Road Central
Hong Kong

RREEF China REIT Management Limited
(as Manager of RREEF China Commercial Trust)
53/F., Cheung Kong Center
2 Queen's Road Central
Hong Kong

Dear Sirs,

Re : Beijing Gateway Plaza (excluding the staff canteen situated in basement 1 and basement 2 and the civil defence shelter situated in basement 3), 18 Xiaguangli, East 3rd Ring North Road, Chaoyang District, Beijing, the People's Republic of China
(中華人民共和國北京市朝陽區東三環北路霞光里18號佳程廣場 (不含坐落於地下1層和地下2層的員工餐廳及坐落於地下3層的人防工程))

Instructions, Purpose & Date of Valuation

In accordance with the instructions of RREEF China REIT Management Limited (as Manager of RREEF China Commercial Trust) (the "Manager") for us to value the captioned property (the "Property") situated in Beijing, the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 September 2007 (the "date of valuation"). In valuing the Property, we have complied with the requirements set out in Chapter 6 of the Code on Real Estate Investment Trusts of the Securities and Futures Commission (the "SFC REIT Code") and the requirements set out in the Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

DTZ

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DTZ戴德梁行

香港鰂魚涌英皇道1063號16樓
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Basis of valuation

Our valuation of the Property represents its market value which we would define as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred term contract, leaseback, management agreement, joint venture or any similar arrangement which would serve to increase the value of the Property.

In the course of our valuation of the Property which is situated in Beijing, the PRC, we have relied on the advice given by HK Gateway Plaza Company Limited (as the vendor of the Property) (the "Vendor") and the Manager's legal advisors, Commerce & Finance Law Offices, regarding the title to the Property. We have based on the PRC legal opinion given by Commerce & Finance Law Offices that the transferable land use rights of the Property for a term of 50 years have been granted and that the land premium has already been fully settled. We have also based on the PRC legal opinion that the grantee or the user of the Property has free and uninterrupted rights to use or to assign or lease the Property for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

Method of Valuation

According to your instruction, we have performed the valuation as at 30 September 2007 based on the existing revised rental schedule (the "Revised Rental Schedule") provided to us.

We have adopted Discounted Cash Flow Analysis ("DCF Analysis") to assess the market value of the property. DCF Analysis involves discounting future net cash flow of the Property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. The DCF Analysis, which comprises annual rental income streams, was based mainly on the following assumptions:

(i) We have estimated that market rent for 2008 will grow at -5.0% per annum, followed by an annual growth rate of 5.0% for 2009 to 2011. From 2012 to 2016, we adopted a long term growth rate of 2.0% per annum for the market rent.

(ii) We have made reference to the occupancy rate of similar commercial and office developments in Beijing and adopted a long-run occupancy rate of 95% in our DCF Analysis.

(iii) The discount rate adopted was 9.25%. We take into account the location, the income and tenant mix of the Property and the return requirement of property investors in determining the discount rate.

(iv) A terminal capitalization rate of 7.5% was applied in the derivation of the present value of the cash flows after year 2016. The terminal capitalization rate was obtained by reference to the comparable Grade A offices in Beijing and consideration of the characteristics of the Property.

(v) The operating period of the Property is based on the un-expired term of the land use rights of 45.4 years as mentioned in the land use rights certificate of the property.

We have carried out the valuation also by Investment Approach, which is a valuation method commonly applied for investment properties. In the Investment Approach, the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the property was capitalized at a capitalization rate. The fully leased net income is capitalized over the remaining term of land use rights of the property at an appropriate market yield expected by investors for this type of property. The market yield adopted for capitalization of the net rental income is derived with reference to the comparable Grade A offices in Beijing and consideration of the characteristics of the Property. This expected return reflects implicitly the quality of the investment, the expectation of the potential future rental growth and capital appreciation and the risk factor, and is based on our experience in valuing other similar properties.

We have also adopted the Direct Comparison Approach by making reference to comparable sales evidence of Grade A office in Beijing as available in the relevant market.

In forming our opinion of the market value of the advertising spaces, since there is no sales comparables available in the market available to us, we are not able to use the Direct Comparison Approach in its valuation. However, we have valued the advertising spaces by Investment Approach by making reference to comparable rental evidence as available in the relevant market.

Source of information

We have relied to a very considerable extent on the information given by the Manager the Manager's legal advisors, Commerce & Finance Law Offices, on PRC law and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. No copies of tenancy agreements or contracts were provided to us.

Dimension, measurements and areas included in this valuation report are based on the area survey report dated 2 April 2006. We have assumed the information provided to us by the Vendor and the Manager's legal advisors on PRC law, Commerce & Finance Law Offices, which is material to the valuation, are true and accurate. We also have assumed that any information supplied was fair and reasonable, and that no material facts have been omitted from the information supplied.

Title Investigation

We have been provided with and noted copies of documents in relation to the title to the Property during our previous valuation as at 31 March 2007 for the global offering purpose. However, we have not been able to conduct searches to verify the ownership of the Property or to ascertain any amendment, which may not appear on the copies handed to us.

Site Inspection

We have inspected the exterior and, where possible, the interior of the Property. No structural survey has been made by us. According to the Building Consultancy Due Diligence Report dated 11 June 2006 prepared by Knight Frank Petty provided to us by the Manager, no serious defects were found. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and gross floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct.

Currency & Exchange Rates

Unless otherwise stated, all money amounts stated herein the valuation are in Hong Kong Dollar. The exchange rates adopted in our valuations are HK$1=RMB0.966 which was the approximate exchange rate prevailing as at the date of valuation and there has been no significant fluctuation in such rates between that date and the date of this letter.

CONTENTS

DTZ 戴德梁行

Executive Summary

Beijing Gateway Plaza (excluding the staff canteen situated in basement 1 and basement 2 and the civil defence shelter situated in basement 3), 18 Xiaguangli, East 3rd Ring North Road, Chao Yang District, Beijing, the People's Republic of China
(*中華人民共和國北京市朝陽區東三環北路霞光里18號佳程廣場，不含坐落於地下1層和地下2層的員工餐廳及坐落於地下3層的人防工程*)

Owner	:	HK Gateway Plaza Company Limited (香港佳程廣場有限公司)
Site Area	:	17,690.24 sq.m
Total Gross floor area	:	see table below
Completion Date	:	August 2005
Existing Vacancy Rate	:	4.4%
Approximate Net Monthly Passing Rental	:	RMB16,676,000 per month (for September 2007 based on the revised rental schedule provided to us and excluding the passing rental of the advertising spaces)
Date of Valuation	:	30 September 2007
Valuation Method	:	Discounted Cash Flow Approach, Investment Approach and Direct Comparison Approach
Capitalization Rate for Valuation	:	9.00% for office, 10.0% for retail, 5.0% for car park and 18.0% for advertising spaces
Discount Rate for DCF Analysis	:	9.25%
Market Value in existing state	:	HK$3,699,000,000
Gross Initial Yield	:	6.7% for office, 5.7% for retail and 5.3% for car park

Total Gross floor area:

Level	**Uses**	**Sq.m**
Levels 1-3	Commercial	17,191.50
Levels 4-25	Office	85,544.10
Ancillary	Facilities	740.05
Basements	Incl. Car Park Spaces	27,012.42
Basements	Civil Defence Shelter	8,604.75
	Total :	139,092.82

*The gross floor area stated in Building Ownership Certificate No.10298 is **130,488.07** sq.m., which excludes the Civil Defence Shelter area.*

Remark: The Net Monthly Passing Rental is for the month of September 2007 and has factored in the rent-free period and excluding the property management fee.

1.0 SITUATION AND THE LOCALITY

1.1 The Property

The Property is situated at Xiaguangli within Yansha Commercial District, adjoining to Sanyuan Bridge of East 3rd Ring Road and Airport Expressway, Chaoyang District, Beijing, the People's Republic of China.

1.2 Beijing

Beijing is situated in the northeast of the PRC. Neighbouring Tianjin（天津市）in the east, the remaining territories of Beijing are contiguous with Hebei（河北）Province. The total area of Beijing comprising the urban districts and suburbs is about 16,800 sq.km. The planned urban area of the city is about 1,041 sq km, having the bondaries at Dingfuzhuang（定福莊）in the east, Shijingshan（石景山）in the west, Nanyuan（南苑）in the south, and Qinghe（清河）in the north. The downtown of the urban area is bounded within the 4th Ring Road, with an area of about 300 sq.km.

1.3 Municipal Administration, Area & Population

There are 18 administrative districts and counties in Beijing and they can be categorized into urban districts, suburban districts and rural areas. Urban districts consist of Dongcheng（東城）, Xicheng（西城）, Chongwen（崇文）and Xuanwu (宣武) Districts. Suburban districts consist of Chao Yang（朝陽）, Haidian（海澱）, Fengtai（豐台）and Shijingshan（石景山）Districts. Rural areas consist of Mentogou（門頭溝）, Fangshan（房山）, Tongzhou（通州）, Shunyi（順義）, Daxing（大興）, Changping（昌平）, Pinggu（平谷）, Miyun（密雲）, Huairou（懷柔）and Yanqing（延慶）. According to Beijing Municipal Bureau of Statistics, Beijing has a total permanent population of 15.81 million by the end of 2006.

1.4 Chaoyang District

Chaoyang District, situated in the eastern part of the urban area of the city, comprises an area of approximately 470.8 sq.km. Chaoyang District was formerly a traditional industrial district of Beijing with more than 200 large to medium municipal industrial enterprises engaged in electronics, textiles, plant and machinery and car manufacturing, etc. However, in recent years, Chaoyang District has gradually developed into a new commercial, cultural and sports center of Beijing. Famous buildings in the vicinity includes National Olympic Center, Beijing Workers' Stadium, China International Exhibition Center and China Agricultural Exhibition Center, etc. The business district of Chaoyang District is mainly located around East 3rd Ring Road and Jianguomen Wai Avenue. Major office developments in the district include China World Trade Center, Jinggang Center, Kerry Centre. Major commercial properties in the district include Great Wall Sheraton Hotel, Hilton Hotel, Lufthansa Friendship Shopping Center and Scitech Plaza.

1.5 Location of the Property

The Property is situated in the north-west side of Xiaoyun Road in the west of Chaoyang District in Beijing. The Property is bounded by East 3rd Ring North Road on the south side, Xiaguangli North Street and Xiaguangli South Street on the west and east sides respectively. The developments nearby comprise mainly office developments, shopping arcades, hotels and embassy residences. The 3rd Embassy District is about 2km east away from the Property. Buildings in the vicinity comprise Silver Tower, Diyang Building, Millennium Tower, Jingxin Mansion, Beijing Landmark Tower, Sunflower Tower, CTS Plaza, Air China Mansion, Ocean Express, US Apartment, Kempinski Hotel, Great Wall Sheraton, Hilton Hotel and Lufthansa Shopping Centre.

1.6 Accessibility of the Property

Accessibility of the Property is good. Public transport facilities are available in the immediate area. The new infrastructure being developed in the vicinity of the Property include No.10 subway, which will commence operation before the Beijing Olympic Game in 2008. The Beijing Capital Airport is conveniently accessible via the existing Airport Expressway. The light railway being under construction from Dongzhimen to the Airport will shorten the travelling time from the Property to the Airport to within 15 minutes. Major commercial districts such as Jiangguomen Commercial Area and Zhongguancun are conveniently accessible via the East 3rd Ring Road.

2.0 TOWN PLANNING ISSUES

The Property has been designed as a major office and commercial development in Chaoyang District. Town planning for this district covers ancillary facilities such as commercial centres, education centres and greenery area.

3.0 SITE DETAILS

3.1 Site Area and Site Boundaries

The Property occupies an irregular-shaped site with a total site area of approximately 17,690.24 sq.m.

The site of Beijing Gateway Plaza is located within the Yansha Commercial District and is adjoining to East 3rd Ring Road and Guomen First Road (the Airport Expressway).

3.2 Topography of the Site

The site of the Property is generally levelled.

All typical ancillary facilities to the subject site have been provided, including electricity, water and gas supplies, drainage/sewage pipes, telecommunication and roads.

4.0 TITLE PARTICULARS

4.1 System of Land Use Rights in the Mainland China

According to Article 10 of the Constitution of PRC amended in 1988, the right to use land owned by state is recognised through granting of "land use rights". Land use right thereafter becomes the form of land ownership that can be transferred, assigned, leased and mortgaged in the PRC. Land use right can be obtained by local and foreign entities through tender, auction or listing held by the government. Land premium will be levied, usually on a lump sum basis for the grant of the land use rights and a Certificate for Use of State-owned Land (國有土地使用證) will be issued. Public utilities services charges will be charged for the provision of utilities services to the edge of the site boundary and resettlement compensation will be charged for the resettlement of existing occupiers residing on the site. Upon completion of the new development erected on the site, Realty Title Certificate (房地產權證) certifying the ownership of the development will be issued by the relevant Real Estate Administration Bureau (房地產管理局).

4.2 Building Ownership Certificate

According to the Building Ownership Certificate No. 10298 issued by Beijing Construction Committee on 6 April 2006, the particulars of the subject building are as follows:-

(i)	Grantee	:	HK Gateway Plaza Company Limited (香港佳程廣場有限公司)
(ii)	Location	:	No. 18 Xiaguangli, East 3rd Ring North Road, Chaoyang District (Beijing Gateway Plaza)
(iii)	Gross Floor Area	:	130,488.07 sq.m (*excludes the Civil Defence Shelter area*)

4.3 Certificate for Use of State-owned Land

According to the Certificate for Use of State-owned Land No. (2003) 0075 issued by Beijing Land Resources Bureau on 25 April 2006, the particulars of the subject land are as follows :-

(i)	Grantee	:	HK Gateway Plaza Company Limited (香港佳程廣場有限公司)
(ii)	Location	:	No. 18 Xiaguangli, East 3rd Ring North Road, Chaoyang District (Beijing Gateway Plaza)
(iii)	Site Area	:	17,690.24 sq.m
(iv)	Land Use	:	Composite and underground car parking spaces
(v)	Land Use Term	:	Due to expire on 25 February 2053

4.4 Grant Contract of Land Use Rights

According to the Grant Contract of Land Use Rights No. (2003) 148 dated 26 February 2003, the Property has been granted to Beijing Bestride Estate Development Co., Ltd. (北京佳程房地產開發有限公司) with details as follows:-

(i)	Site Area	:	17,690.24 sq.m
(ii)	Planned Gross Floor Area	:	103,800 sq.m (above ground) 34,995 sq.m (under ground)
(iii)	Land Use	:	Composite and underground car parking spaces
(iv)	Land Use Term	:	50 years from 26 February 2003
(v)	Completion Date	:	Not later than 31 December 2005
(vi)	Land Premium	:	RMB166,197,500
(vii)	Payment Arrangement	:	RMB24,929,625 on the date of entering the contract RMB141,267,875 within 180 days from the date of entering the contract

According to the legal opinion provided by Commerce & Finance Law Offices, the above land premium has been fully settled and the Certificate for the Use of State-owned Land No. (2003) 0075 issued by Beijing Land Resources Bureau on 25 April 2006 was obtained.

4.5 Planning Permit for Construction Use of Land

According to the Planning Permit for Construction Use of Land No. 2002-0037 on 28 January 2002, the Property was permitted for development with a site area of 17,690.24 sq.m.

4.6 Planning Permit for Construction Works

According to the Planning Permit for Construction Works No. 2002-0973 on 30 July 2002, the Property has been approved for development with the following details:-

(i)	Gross Floor Area	:	Total 139,495 sq.m including 35,697 sq.m under ground
(ii)	Building Height	:	103.8 metres (above ground) 13.6 metres (under ground)
(iii)	No. of Storey	:	25-storey (above ground) 3-storey (under ground)

4.7 Business Licence

According to the Business Registration Certificate No.36195083-000-11-06-A issued by Hong Kong Registrar of Companies, HK Gateway Plaza Company Limited (香港佳程廣場有限公司) is legally established with an operation period from 10 November 2006 to 9 November 2007.

According to the above documents and permits, the relevant licences and approvals in respect of the title to the Property have been granted.

5.0 DESCRIPTION OF THE PROPERTY

5.1 The Property

Beijing Gateway Plaza was completed in August 2005. The Property comprises two 25-storey towers known as Tower A and Tower B, plus a three-level car park/ancillary basement. Levels 1 to 3 of the Property are designed for retail/banking/club uses. The remaining upper floors of the Property are for office use.

Levels 12 and 13, 14 and 15, 24 and 25 of both Tower A and Tower B are of duplex design whilst Levels 20 to 22 of both of the towers are of triplex design.

The basement of the Property comprises the plant room, ancillary facilities including swimming pool, gymnasium and sauna and a total of 675 car park spaces.

5.2 Gross floor area

According to the floor area survey report dated 2 April 2006, the gross floor areas of the Property are as follows:-

Tower A

Floor	Designated Use	GFA (sq m)
Level 1	Securities firm	3,431.05
Level 2	Securities firm	2,480.01
Level 3	Retail	2,684.69
Level 4	Office	2,044.52
Level 5	Office	2,044.52
Level 6	Office	2,044.52
Level 7	Office	2,044.52
Level 8	Office	2,044.52
Level 9	Office	2,044.52
Level 10	Office	2,044.52
Level 11	Office	2,044.52
Level 12	Office*	2,044.52
Level 13	Office*	1,982.45
Level 14	Office*	2,044.52
Level 15	Office*	1,982.45
Level 16	Office	2,044.52
Level 17	Office	2,044.52
Level 18	Office	2,044.52
Level 19	Office	2,044.52
Level 20	Office**	2,044.52
Level 21	Office**	1,880.26
Level 22	Office**	1,880.26

Tower B

Floor	Designated Use	GFA (sq m)
Level 1	Securities firm; BMW show room	3,431.05
Level 2	Securities firm	2,480.01
Level 3	Kitchen	
	Western Restaurant	
	Restaurant Hall	2,684.69
Level 4	Office	2,044.52
Level 5	Office	2,044.52
Level 6	Office	2,044.52
Level 7	Office	2,044.52
Level 8	Office	2,044.52
Level 9	Office	2,044.52
Level 10	Office	2,044.52
Level 11	Office	2,044.52
Level 12	Office*	2,044.52
Level 13	Office*	1,982.45
Level 14	Office*	2,044.52
Level 15	Office*	1,982.45
Level 16	Office	2,044.52
Level 17	Office	2,044.52
Level 18	Office	2,044.52
Level 19	Office	2,044.52
Level 20	Office**	2,044.52
Level 21	Office**	1,880.26
Level 22	Office**	1,880.26

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Tower A

Floor	Designated Use	GFA (sq m)
Level 23	Office	1,473.92
Level 24	Office***	1,473.92
Level 25	Office***	1,347.56
Mezzanine of 25/F		83.43
Mechanical floor		309.58
Mezzanine of Mechanical floor		52.86
Sub-total		**51,730.24**

Tower B

Floor	Designated Use	GFA (sq m)
Level 23	Office	1,473.92
Level 24	Office***	1,473.92
Level 25	Office***	1,347.56
Mezzanine of 25/F		83.43
Mechanica l floor		324.75
Mezzanine of Mechanica l floor		52.86
Sub-total		**51,745.41**

Total: GFA (above ground) **103,475.65**

GFA under ground :

Basement	B3	12,262.32		
	B2	11,092.57		
	B1	12,262.28		
Total: GFA (under ground)		**35,617.17**		
Include.:	Car Park Spaces	21,803.47	No. of Car Parks	675
	Civil Defence Shelter	8,604.75		

Total GFA (above ground + under ground) **139,092.82**

Lettable floor area

According to the floor area survey report dated 2 April 2006 and the materials provided by the Vendor, the lettable floor areas of the Property are as follows:-

Tower A

Floor	Designated Use	Lettable Area (sq m)
Level 1	Securities firm	2,050.70
Level 2	Securities firm	2,123.68
Level 3	Retail	1,701.33
Level 4	Office	2,288.96
Level 5	Office	2,238.23
Level 6	Office	2,286.33
Level 7	Office	2,286.33
Level 8	Office	2,286.33
Level 9	Office	2,286.33
Level 10	Office	2,286.33
Level 11	Office	2,286.33
Level 12	Office*	2,286.32
Level 13	Office*	2,198.97
Level 14	Office*	2,286.32
Level 15	Office*	2,198.97
Level 16	Office	2,286.33
Level 17	Office	2,286.33
Level 18	Office	2,286.33
Level 19	Office	2,286.33
Level 20	Office**	2,284.00
Level 21	Office**	2,065.32
Level 22	Office**	2,065.32
Level 23	Office	1,555.66
Level 24	Office***	1,555.66
Level 25	Office***	1,474.75
Sub-total:		53,237.44

Tower B

Floor	Designated Use	Lettable Area (sq m)
Level 1	Securities firm; BMW show room	2,028.14
Level 2	Securities firm	2,123.68
Level 3	Kitchen Western Restaurant Restaurant Hall	1,651.53
Level 4	Office	2,288.96
Level 5	Office	2,238.23
Level 6	Office	2,286.33
Level 7	Office	2,286.33
Level 8	Office	2,286.33
Level 9	Office	2,286.33
Level 10	Office	2,286.33
Level 11	Office	2,286.33
Level 12	Office*	2,286.32
Level 13	Office*	2,194.61
Level 14	Office*	2,286.32
Level 15	Office*	2,194.61
Level 16	Office	2,286.33
Level 17	Office	2,286.33
Level 18	Office	2,286.33
Level 19	Office	2,286.33
Level 20	Office**	2,284.00
Level 21	Office**	2,065.32
Level 22	Office**	2,065.32
Level 23	Office	1,555.66
Level 24	Office***	1,555.66
Level 25	Office***	1,474.75
Sub-total:		53,156.36

Total: **106,393.80**

Remarks:

*	Internal staircases linking Unit F on Level 12 and Unit F on Level 13, and Unit F on Level 14 and Unit F on Level 15 in Tower A and Tower B.

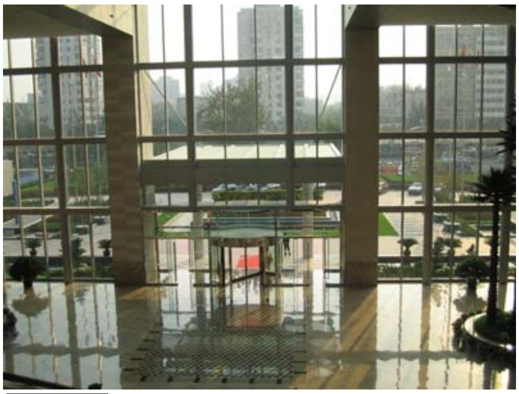
**	Internal staircases linking Level 20, Level 21 and Level 22 in Tower A and Tower B.

***	Internal staircases linking Level 24 and Level 25 in Tower A and Tower B.

5.3 Construction

According to our recent inspection, the Property is constructed of reinforced concrete with anodized aluminium framed curtain walling and stone slabs on the external elevation. Internally, the main entrance lobby of the Property is decorated with marble flooring and walls, whereas the floor lobbies and corridors are finished with carpeted flooring and gypsum board suspended ceiling.

Photos of the Property are shown as follows:



1	2
3	4

1 – Exterior of the Property
2, 3 & 4 – Lobby

5.4 Facilities and Services

Vertical circulation of Levels 1 to 3 of the Property are mainly served by three escalators, whereas the upper floors of each of the two office towers are mainly served by eight passenger lifts, two service lifts and two staircases.

Other facilities and services of the Property include air-conditioning and heating system, auto-fire sprinklers and auto-fire detection systems, closed circuit cameras system and patrolling stations for the security control, car parking spaces and loading/unloading areas provided in the basement.

Moreover, a clubhouse is facilitated on the 1st and 2nd Levels of Tower B to serve the tenants of the Property, subject to the payment of fee, with facilities including swimming pool, gymnasium and sauna.

5.5 General Comments

The Property is a commercial development completed in August 2005. Our inspection revealed that the Property is of high quality construction and maintained in good condition.

6.0 PARTICULARS OF OCCUPANCY AND TENANCIES (BASED ON THE REVISED RENTAL SCHEDULE PROVIDED TO US BY THE MANAGER)

6.1 Occupancy

According to the summary of the Revised Rental Schedule provided to us by the Manager, a total of about 101,678 sq.m gross floor area of the Property is leased to various tenants for terms ranging from two to ten years at a current monthly rental of approximately RMB16,676,000 (factored in the rent-free period and excluding the passing rental of the advertising spaces), exclusive of management fee. The latest expiry date of the tenancies is on 7 September 2015. The existing occupancy rate of the Property is 95.6% as at 30 September 2007.

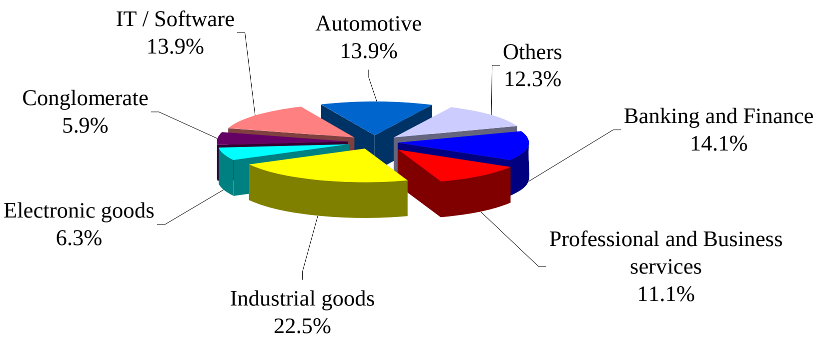
6.2 Major Tenants

There are currently 89 committed tenants. The top 10 tenants and the respective tenancy profiles are summarized as below:

Major Tenants	***Lettable Area (sq m)**
BMW Group	14,086.19
Sony Group	6,414.64
Bank of China, Beijing Chaoyang Sub-branch	5,875.71
SK Korea	5,704.72
Hurray Holdings Co,.Ltd	4,803.64
Cummins Group	4,586.07
Fuji Xerox Co Ltd	4,485.29
Zurich Financial Service Group	2,286.33
Heng An Standard Life Insurance Co Ltd.	2,286.33
NTTGroup	2,286.33
Sub-total:	**52,815.25**
Other tenants	48,862.81
Total:	**101,678.06**

Remark : *The lettable area is based on the survey report.
English translation of the company names is for referencing purpose only.

Industry Sector	Lettable Area Leased (sq m)	% of Leased Lettable Area
Banking and Finance	14,317.51	14.1%
Professional and Business services	11,289.85	11.1%
Industrial goods	22,897.81	22.5%
Electronic goods	6,414.64	6.3%
Conglomerate	6,003.22	5.9%
IT / Software	14,127.12	13.9%
Automotive	14,086.19	13.9%
Others	12,541.72	12.3%
Total	**101,678.06**	**100.0%**



TENANT MIX BY INDUSTRY
(% OF LEASED LETTABLE AREA)

6.3 Tenancy Agreement of Advertising Spaces

According to the Advertising Right Agreement entered into between Beijing Bestride Estate Development Co., Ltd (北京佳程房地產開發有限公司) (the "Grantor") and Beijing Shenmingda Advertise Co., Ltd (北京伸鳴達廣告有限公司) (the "Grantee") dated 18 July 2006, the Grantor has agreed the Grantee has the right to erect and use all of the 21 advertising spaces of the property for a lease term of 3 years started from 18 July 2006 to 17 July 2009, at annual rentals of RMB35,000,000, RMB38,000,000 and RMB40,000,000 for the first, second and third years respectively. Among the 21 advertising spaces, 19 of them are erected outdoor surrounding the building and the remaining 2 are erected on the top roof of the building.

According to Advertising Right Transfer Agreement entered into between Beijing Bestride Estate Development Co., Ltd, Beijing Shenmingda Advertise Co., Ltd. and HK Gateway Plaza Company Limited in May 2007, Beijing Bestride has agreed to transfer its rights and liabilities stated on the aforesaid Advertising Right Agreement to HK Gateway, effective from 18 July 2006.

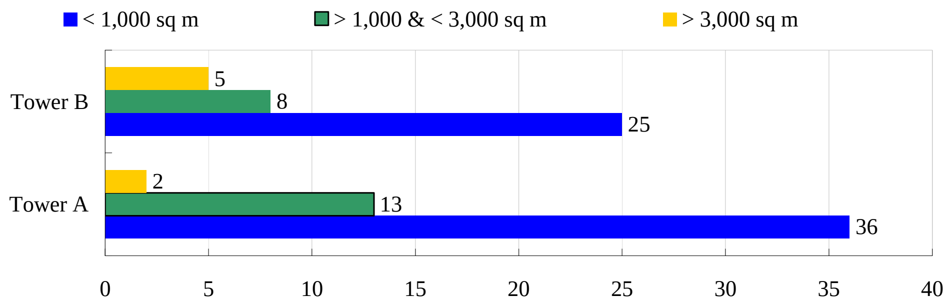
As informed by the Manager, Beijing Shenmingda Advertise Co., Ltd. has never paid the passing rental mentioned above, but the Vendor agreed to indemnify for the rental loss based on the aforesaid Advertising Right Agreement.

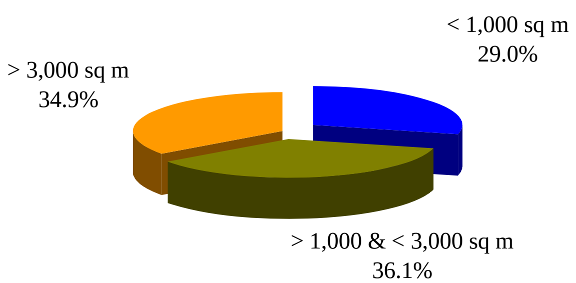
As advised by the PRC legal counsel of the Manager, the configuration of advertising spaces stated in the Advertising Right Agreement should violate the Article 9 of the Norms Concerning the Configuration of Outdoor Advertisements in Beijing (the "Advertising Norms") issued by Beijing Municipal Administration Commission, which required the minimum interval distance between two advertising facilities shall be no less than: (i) 200 meters if the area of advertising facility larger than 5 sq.m. and smaller than 30 sq.m.; (ii) 100 meters if the area of advertising facility smaller than 5 sq.m. The PRC legal counsel also advised that pursuant to the provisions of the Advertising Norms, the Advertising Right Agreement is partially unenforceable. Accordingly, we have assumed in our valuation that only four advertising facilities at the outdoor open space of the Property, each with the area smaller than 5 sq.m., plus the two rooftop advertising spaces will be permitted under the Advertising Norms. Based on the above assumption of the permitted numbers of the advertising spaces, we are of the opinion that the total current market rental of the advertising spaces of the Property is approximately RMB900,000 per month.

6.4 Occupancy by Number of Tenants

The following table presents the relationship between the number of tenants and their respective lettable area profiles. 92.1% of the tenants occupy units smaller than 3,000 sq. m. The remaining 7.9% of the tenants (the top 7 tenants) occupy 34.9% of the leased lettable area.

	No. of Tenants			Lettable Area Profile
Area	**Tower A**	**Tower B**	**Total**	**% of total lettable area**
< 1,000 sq m	36	25	61	29.0%
> 1,000 & < 3,000 sq m	13	8	21	36.1%
> 3,000 sq m	2	5	7	34.9%
Total	**51**	**38**	**89**	**100.0%**





LEASED LETTABLE AREA PROFILE (BY SQ.M.)

6.5 Occupancy by Unit Rental and Monthly Rental

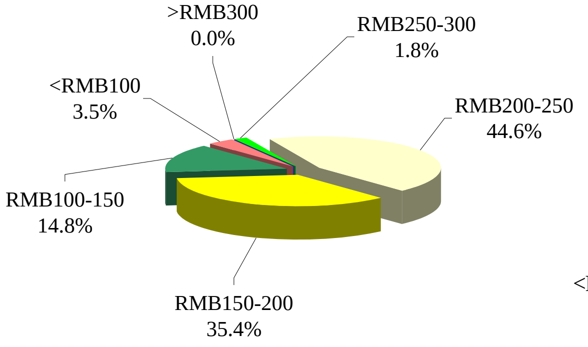
The following table and charts depict the relationship between the unit rental. Approximately 44.6% of the monthly rental is receivable from leases with unit rental between RMB200-250 per sq. m.

53.7% of the tenants are leasing at unit rental below RMB200 per sq. m. and 35.4% of the tenants are leasing at unit rental between RMB150-200 per sq. m.

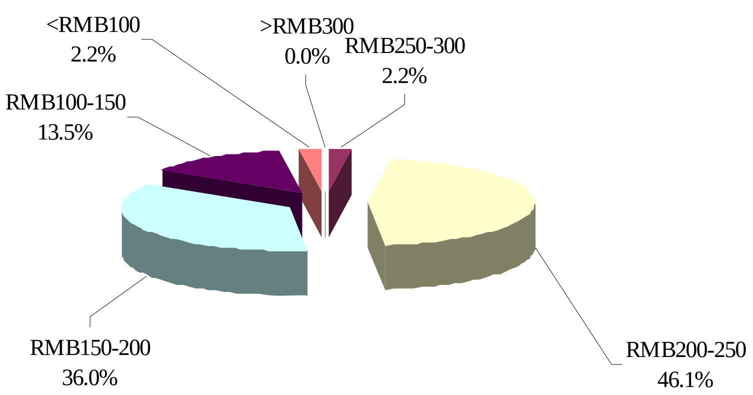
BEIJING GATEWAY PLAZA – RENTAL ANALYSIS AS AT 30 SEPTEMBER 2007

Unit Rental	Monthly Rental*		Number of Tenants	
	Towers A and B		Towers A and B	
	RMB	%	No. of Tenants	%
>RMB300	-	0.0%	0	0.0%
RMB250-300	319,793.43	1.8%	2	2.2%
RMB200-250	8,135,553.31	44.6%	41	46.1%
RMB150-200	6,472,903.32	35.4%	32	36.0%
RMB100-150	2,696,902.83	14.8%	12	13.5%
<RMB100	635,213.70	3.5%	2	2.2%
Total	**18,260,366.59**	**100.0%**	**89**	**100.0%**

Remark : * The monthly rents are as stated in the rental schedule provided by the Manager, which are exclusive of the management fees and not adjusted for rent free period.



RENTAL ANALYSIS AS of 30 SEPTEMBER 2007 (BY MONTHLY RENTAL)



RENTAL ANALYSIS AS of 30 SEPTEMBER 2007 (BY NO. OF TENANTS)

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General Comment on the Passing Rental (based on the Revised Rental Schedule provided to us by the manager)

In general, the existing rental profile of the Property is below market level. In respect of the most recent leasing activities of the Property, we are advised by the Manager that a new tenancy has been signed recently for Unit B on Level 12 of Tower B with a gross floor area of 408.9 sq.m., at a unit rent of approximately RMB275 per sq.m., exclusive of management fee. Also, a confirmation of intention to rent has been signed by a potential tenant together with the payment for the first month's rental for Unit E on Level 11 of Tower B with a gross floor area of 409.4 sq.m., at a unit rent of approximately RMB285 per sq.m., exclusive of management fee.

6.6 Lease Expiry Analysis

The findings of the lease expiry analysis in respect of tenancies of the Property as of 30 September 2007 are summarized as follow:

			Lettable Area		* Monthly Rental	
Year of Expiring	No. of Tenant	% of Total	Area Leased (sq m)	% of Total	RMB	% of Total
2007	4	4.5%	3,692.19	3.6%	588,810.30	3.2%
2008	23	25.8%	24,554.06	24.1%	3,543,441.00	19.4%
2009	42	47.2%	37,635.60	37.0%	7,291,022.90	39.9%
2010	12	13.5%	13,750.53	13.5%	2,382,098.60	13.0%
After 2010	8	9.0%	22,045.68	21.7%	4,454,993.79	24.4%
Total	**89**	**100.0%**	**101,678.06**	**100.0%**	**18,260,366.59**	**100.0%**

Remark : * The monthly rents are as stated in the rental schedule provided by the Manager, which are exclusive of the management fees and not adjusted for rent free period.

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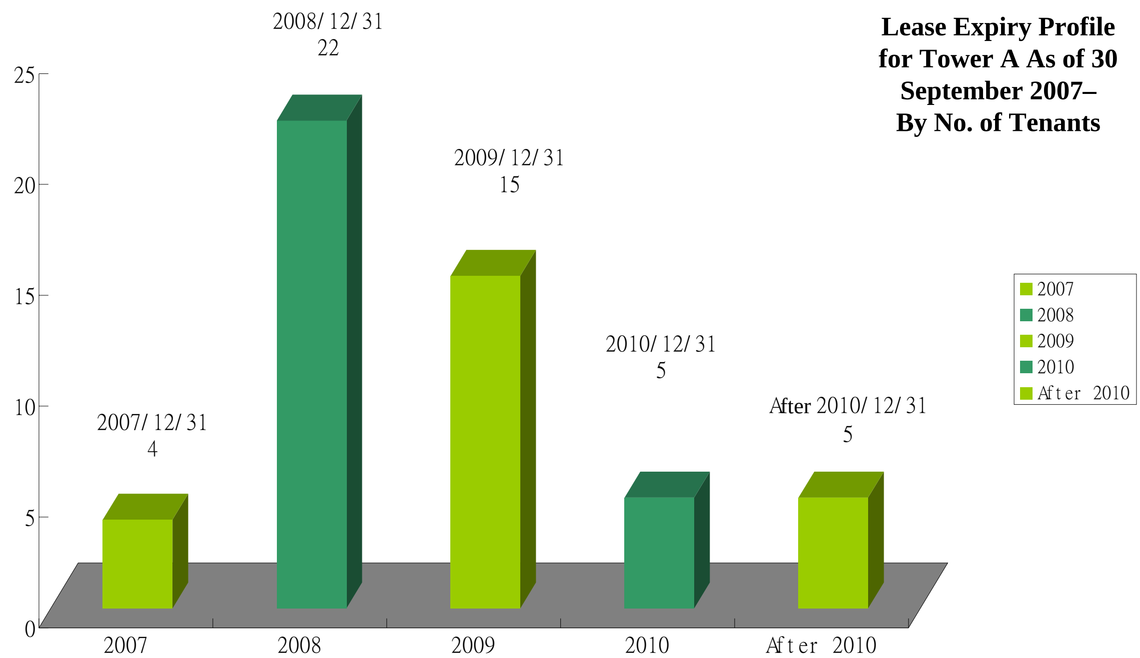
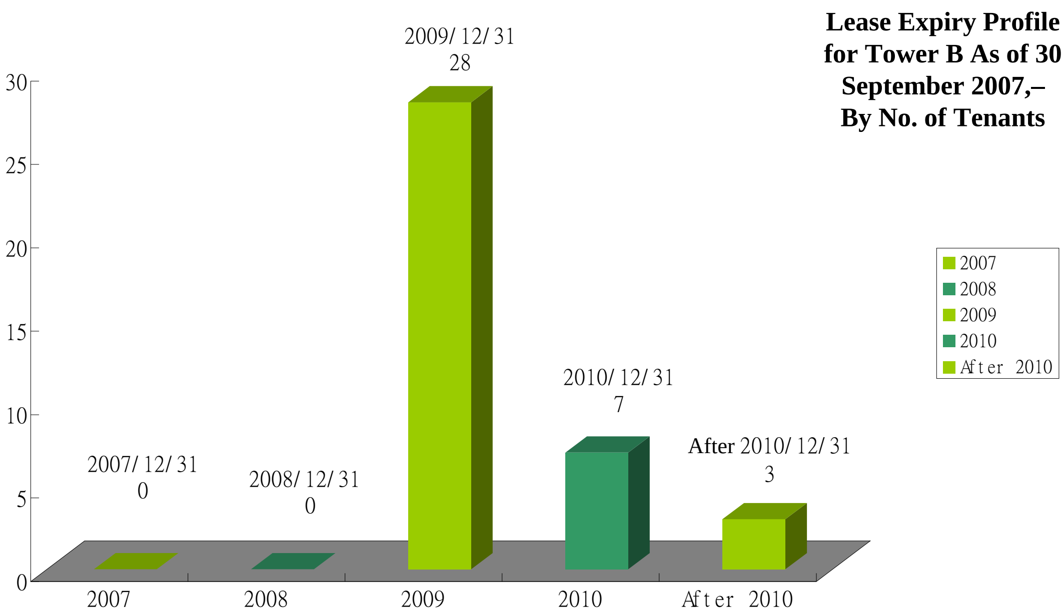
6.7 Lease Expiry Analysis by Financial Year

Referring to the following table and charts, the latest expiry date of the existing committed leases is in 2015. 43.1% of the leases in Tower A will be expired by 2008, whilst 73.7% of the leases in Tower B will be expired by 2009.

	No. of Tenants			
	Tower A		Tower B	
Year of Expiring	**No. of Tenants**	**% of Total**	**No. of Tenants**	**% of Total**
2007	4	7.8%	0	0.0%
2008	22	43.1%	0	0.0%
2009	15	29.4%	28	73.7%
2010	5	9.8%	7	18.4%
After -2010	5	9.8%	3	7.9%
Total	**51**	**100.0%**	**38**	**100.0%**

As depicted in the bar charts, larger numbers of the leases in Tower A will be expired in 2008, whilst for Tower B is 2009. 22 leases will expire in 2008, of which 22 leases are in Tower A and no lease is in Tower B. 43 leases will expire in 2009, of which 15 leases are in Tower A and 28 leases are in Tower B. Most of the leases are leased for terms of 2 to 3 years.





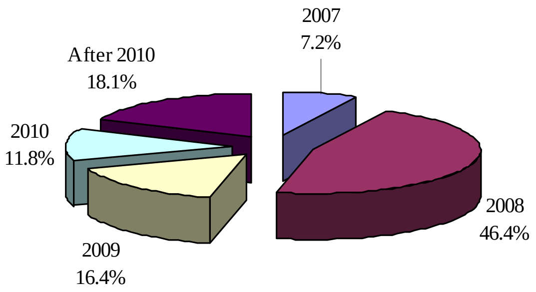
6.8 Lease Expiry Analysis by Lettable Area

In line with the Lease Expiry Analysis by Financial Year, over half of the leased lettable area of Tower A will be available for re-leasing up to 2008, whilst for Tower B is up to 2009. The re-lettable areas are 27,511.59 sq m for Tower A up to 2008 and 29,950.88 sq m for Tower B up to 2009. 18.1% of Tower A and 25.3% of Tower B of the lettable areas are of longer lease terms which will be expired after 2010.

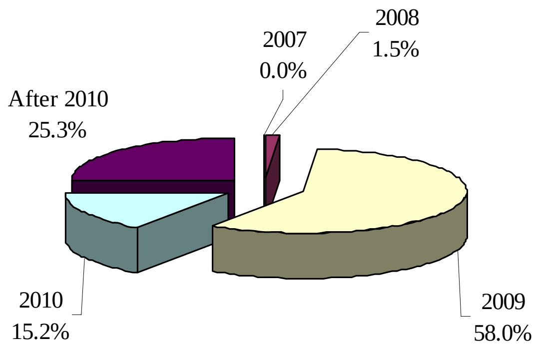
	Lettable Area			
	Tower A		Tower B	
Year of Expiring	**Area**	**% of Total**	**Area**	**% of Total**
2007	3,692.19	7.2%	0.0	0.0%
2008	23,819.40	46.4%	734.66	1.5%
2009	8,419.38	16.4%	29,216.22	58.0%
2010	6,073.74	11.8%	7,676.79	15.2%
After 2010	9,306.10	18.1%	12,739.58	25.3%
Total	**51,310.81**	**100.0%**	**50,367.25**	**100.0%**

Lease Expiry Profile for Tower A and Tower B As of 30 September 2007– By Lettable Area

Tower A



Tower B



6.9 Lease Expiry Analysis by Monthly Rental

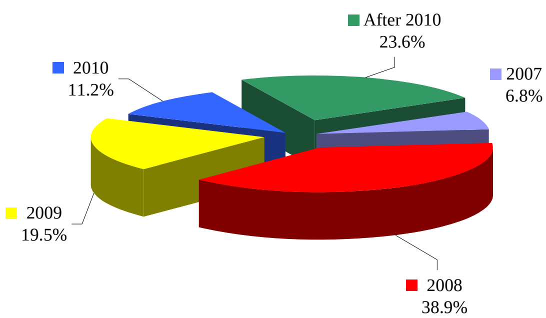
As over half of the leases will be expired up to 2009, 65.2% and 60.2% of the monthly rental income in Tower A and Tower B respectively are subjected to renewal. On the other hand, 23.6% and 25.2% of Tower A and Tower B of their rental incomes respectively are generated from long leases which will be expired after 2010.

	* Monthly Rental			
	Tower A		Tower B	
Year of Expiring	**RMB**	**% of Total**	**RMB**	**% of Total**
2007	588,810.30	6.8%	0	0.0%
2008	3,392,673.75	38.9%	150,767.25	1.6%
2009	1,703,417.54	19.5%	5,587,605.36	58.6%
2010	980,946.73	11.2%	1,401,151.87	14.7%
After 2010	2,055,217.65	23.6%	2,399,776.14	25.2%
Total	**8,7121,065.97**	**100.0%**	**9,539,300.62**	**100.0%**

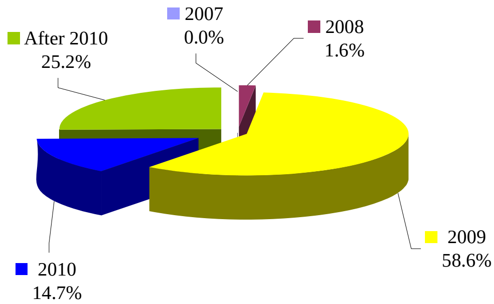
Remark : * The monthly rents are provided by the Grantor, which are exclusive of the management fees and not adjusted for rent free period.

Lease Expiry Profile for Tower A and Tower B As of 30 September 2007 – Monthly Rental By Lease Expiry Date

Tower A



Tower B



7.0 VALUATION METHOD

We have valued the Property by Investment Approach including Direct Capitalization Method and Discounted Cash Flow ("DCF") Method to derive the value of the Property. In addition, we have also adopted Direct Comparison Approach assuming sale of the Property with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

7.1 Discounted Cash Flow Method (DCF Method)

DCF Method involves discounting the future net cash flow of the Property to its present value by applying an appropriate discount rate that reflects the rate of return normally required by investors for similar investments.

Projected Cash Flow for Commercial and Office Units

The commercial and office units are currently leased to 89 tenants. The projection of the future cash flow for commercial and office units of the Property is divided into two components. The first component is the committed tenancies, whilst the second component is the uncommitted vacant units at the date of valuation.

For the committed tenancy component, the future cash flow is projected by reference to the tenancy agreements. The existing effective rental incomes of the committed tenancies are projected for their respective unexpired terms of contractual tenancies. Upon the expiry of the existing tenancy, the unit is assumed to be leased at the then prevailing market rents with 1 month rent-free period for every 12 months lease term.

For the uncommitted vacant units, we have projected the cash flow by referring to their respective current market rentals and assumed occupancy rate. The vacant units are estimated to be leased at a term of 1 month rent-free period for every 12 months lease term, which is consistent with most of the tenancies of the Property. The vacant units are assumed to be leased at the prevailing market rents. The time period to find new tenant is accounted for in the Property's 5% vacancy rate allowance.

Projected Cash Flow for Car Park Spaces and Advertisement Spaces

For the car park spaces, the future cash flow is estimated by taking into account the following monthly rental rate, growth of the rental rate and the anticipated occupation rate:

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Monthly rental rate (RMB/car park)	722	758	796	836	853	870	887	905	923
Growth of the rental rate	-5%	5%	5%	5%	2%	2%	2%	2%	2%
Anticipated occupation rate	90%	90%	90%	90%	90%	90%	90%	90%	90%

For the advertisement spaces, the future cash flow is estimated by taking into account the market rental rate based on the estimated numbers of advertising spaces permitted under the Advertising Norms and the anticipated rental growth rate of the advertising spaces:

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Annual rental rate (RMB)	11,568,960	12,031,716	12,512,987	13,013,507	13,534,047	14,075,409	14,638,425	15,223,962	15,832,921
Growth of the rental rate	--	4%	4%	4%	4%	4%	4%	4%	4%

The Market Value of the Property by DCF Approach

The cash flows of the effective rental incomes for commercial and office units (both committed and vacant units), car park spaces and advertisement spaces are projected over a 10-year period from 2007 to 2016. The cash flows of the effective rental incomes are projected with reference to the estimated occupancy rate, rent-free period, renovation period, market rent and projected annual growth rate. The corresponding business tax and property tax and operating expenses are subtracted from the Effective Gross Income to derive the Net Operating Income (NOI).

The economic life of the Property is based on the un-expired land use right term of the Property. Terminal value of the Property is computed assuming the NOI will grow at a long term growth rate of 2.0% p.a. over the period from 2017 to the expiry date of the land use rights term of the Property on 25 February 2053. With reference to the DTZ Index for Beijing Grade A office rental from first quarter 2000 to second quarter 2007 published by DTZ Research which recorded the CAGR (Compound Average Growth Rate) of approximate 1.6%, we come to the opinion that the long term growth rate of 2.0% for premium Grade A office is reasonable. The present value of the NOI and terminal value is derived by discounting the projected cash flow at the Discount Rate. The summation of the present values of the NOI and terminal value of the above-mentioned committed tenancies and vacant units, the car park spaces and advertisement spaces derives the Market Value of the Property.

Assumptions for DCF Approach

In performing the DCF analysis, a number of assumptions have been made. The material assumptions are listed below:

(i) Discount Rate and Terminal Capitalization Rate

We have investigated the return requirement of property investors active in Beijing office market. Based on the discussion with property investors and consideration of location, fair market rental and quality of the building, a discount rate of 9.0% is reasonable for the developments similar to the Property. However the discount rate applied in this valuation based on the Revised Rental Schedule is 9.25% which is mainly due to the passing rental is significantly below the current market rent.

A terminal capitalization rate of 7.5% is applied to derive the terminal value of the Property from 2017 to the expiry date of the land use rights term of the Property on 25 February 2053. The terminal capitalization rate is obtained by reference to the comparable Grade A offices in Beijing and consideration of the characteristics of the Property by analysis of the market rent and the capital value of similar properties in the locality. In determining the terminal capitalization rate, we have allowed for the difference between the NOI and gross market rent.

(ii) Projected Annual Growth Rate

The projected annual growth rates for market rent for the Property for 2008 is -5.0% p.a. and 5.0% p.a. from 2009 to 2011 with reference to the Property rental trend forecast in the Market Study Research Report prepared by Knight Frank Petty for the Manager.

The projected long term annual growth rate of 2.0% for 2012 to 2016 is estimated by making reference to DTZ Index from Q1 2000 to Q2 2007 for Beijing Grade A office rental with consideration of market conditions of Beijing Grade A office. The same growth rate is applied to the market rents of the office and commercial units and car park spaces.

(iii) Occupancy Rate

With reference to our internal research and the Market Study Research Report dated 11 June 2007 prepared by Knight Frank Petty for the Manager and occupancy rates of similar commercial and office properties in Beijing, we come to the opinion that it is reasonable to apply a 95% occupancy rate for the Property in the long run.

(iv) Rent-Free Period

For the uncommitted vacant units and upon the expiring of committed tenancy, we have applied a 1 month rent-free period for every 12 months leasing term for the commercial and office units. The derivation of the afore-mentioned periods is by reference to the similar commercial and office units in Beijing and is consistent to the tenancies of the Property. For the committed tenancies, the rent-free period is based on the existing tenancy agreements of the Property.

(v) Operating Expenses

The major costs and expenses directly related to the operation of the Property and the assumptions of the operating expenses are listed in the following:

(1) Leasing expenses: The leasing expenses derived is based on the market norm that charges 1.5 months rental for 36 months lease.

(2) Insurance: 0.1% with respect to the replacement value of the Property.

(3) Tenancy management fee: Based on the Property Management Agreement, the Property Manager will be entitled to a tenancy management fee of RMB30,000 per month.

(4) Property management fee: According to the Property Management Agreement, the Property Manager will be entitled to received for each financial year a fee of 6% of the Operating Expenses, subject to a minimum of RMB40,000 per month.

(5) Repair, maintenance and capital expenditure: We rely on the 10-year forecast of repair, maintenance and capital expenditure in Building Consultancy Due Diligence Report prepared by Knight Frank Petty for the Manager.

(6) Business tax: 5% with respect to the effective gross income of the Property.

(7) Urban Real Estate Tax: 0.84% of the cost of the Property.

(vi) Net Operating Income

The Net Operating Income (NOI) represents the income generated from the commercial operation of the Property after deduction of Operating Expenses as stated above. No income tax, loans or interest expenses have been taken into consideration in this DCF valuation.

(vii) Operating Period

The operating period of the Property is based on the expiry date of the land use right term as stipulated in the relevant land use right certificate. The land use right will be expiring on 25 February 2053 for composite (office and commercial) and underground car park uses.

Summary of DCF Parameters

The DCF analysis of the Property was prepared on 30 September 2007. A summary of the parameters used in the DCF analysis is shown below:

Parameters	
Total Gross Floor Area of the Property (sq.m)*	139,092.82 sq.m
*Total Lettable Area **	106,393.80 sq.m
*Total Lettable Area for office units**	94,714.70 sq.m
*Total Lettable Area for commercial units**	11,679.10 sq.m
*Number of car park spaces**	675
Rent-free period (for every 12 month lease term)	1 month
Discount Rate	9.25%
Terminal Capitalization Rate	7.5%
Occupancy Rate	95%
Projected Annual Growth Rate: 2007-2008 2009-2011 2012-2016	-5.0% 5.0% 2.0%

*Remark: GFA, Total Lettable Area and number of car park spaces of the Property are based on the area survey report.

7.2 Investment Approach

In the course of our valuation, we have also adopted the Investment Approach, which is a valuation method by capitalizing the rental incomes derived from the existing tenancies of the Property at an appropriate market yield for their respective unexpired terms of the contractual tenancies, with due allowance for the reversionary potential (i.e. the expiry of the existing tenancies) of the respective properties. Upon the expiry of the existing tenancies, the respective floor spaces are assumed to be leased at market rental which are then capitalized for the remaining term of the land use rights of the Property. The summing up of the capitalized values of the term income and the reversionary income after being deferred represents the market value of the Property. In the course of our valuation, we have assumed a maximum occupancy rate of the Property at 95%.

The capitalization rate adopted in our valuation is derived from our analysis of the relationship between the current market rent and the current capital value of similar properties in the locality. The gross yield adopted in our valuation is at about 10% for the retail portion, 9% for the office portion, 5.0% for the car parks portion and 18% for the advertising spaces. The gross yield adopted for this valuation is derived with reference to the comparable Grade A offices in Beijing and consideration of the characteristics of the Property. This expected return reflects implicitly the quality of the investment, the expectation of the potential future rental growth and capital appreciation and relevant risk factors, and is based on our experience in valuing other similar properties.

7.3 Office Rental Comparables

According to the Revised Rental Schedule provided to us, the average office passing rental (for leases concluded from 2005 to 2007) of the Property as at 30 September 2007 was approximately RMB176 per sq.m. per month, exclusive of management fee. Taking into consideration of the market rental comparables from other Grade A office buildings in Beijing, we are of the opinion that the average existing passing rental of the Property is below the current market rental. In the course of our valuation, we have considered the current leasing activities of the Property as well as the following recent rental comparables of Grade A office developments in the locality:

Transacted rentals for some units in Grade A office buildings:

Property	Location	Transaction Date	Transacted Unit Rent Per month (RMB per sq m)	Gross Floor Area of the transacted unit (sq m)	Storey
Jian Guo Men Wai Avenue / Guang Hua Road Area					
Kerry Center	Guang Hua Road	2007.2	332 (G)	202 (G)	28
Prosper Center	Guang Hua Road	2007.8	300 (G)	243 (G)	17
Yintai Center	Jian Guo Men Wai Avenue	2007.7	300 (G)	1,190 (G)	30
Financial Street Area/East Chang An Avenue					
Winland International Finance Center	Fu Xing Men	2007.6	290 (G)	1,200 (G)	11
Excel Center	Fu Xing Men	2007.7	287 (G)	390 (G)	20
East 2nd Ring Road					
China Resources Building	Jian Guo Men	2007.6	320 (G)	179 (G)	23

Transacted rental range of Grade A office buildings during June to August 2007:

Property	Location	Completion Year	Standard Floor Plate (sq m)	Transacted Rental Range per month (RMB per sq m)	Mgt. Fee per month (RMB per sq m)	Remarks
Jian Guo Men Wai Avenue / Guang Hua Road Area						
China World Trade Centre Tower 2	Jian Guo Men Wai Avenue	1999	1,417-1,551 (N)*	350-400 (N)*	40.8 (N)*	At better location and with better quality than the Property
Kerry Centre	Guang Hua Road	1999	2,520-2,967 (G)	300-332 (G)	28 (G)	At better location and with better quality than the Property
Prosper Centre	Guang Hua Road	2007	2,420-2,460 (G)	270-300 (G)	30 (G)	Better location and similar quality like the Property
Yintai Centre	Jian Guo Men Wai Avenue	2007	2,101.6 (G)	260-320 (G)	32 (G)	At better location and with better quality than the Property
East 3rd Ring Road						
Lufthansa Centre	Liang Ma Qiao Road/ East 3rd Ring Road	1992	2,122 (G)	280 (G)	25.6 (G)	Similar location but lower quality than the Property
Landmark Tower	East 3rd Ring Road	1990	730 (N)**	320 (N)**	28 (G)	Similar location but lower quality than the Property
Capital Mansion	Liang Ma Qiao Road/ East 3rd Ring Road	1991	2,000 (G)	224-240 (G)	28 (G)	More inferior location and quality than the Property

Remark: 'N' denotes 'Net Floor Area' and 'G' denotes 'Gross Floor Area'.
*The efficiency ratio of China World Trade Centre Tower 2 is approximately 75%.
**The efficiency ratio of Landmark Tower is approximately 70%.

7.4 Office Sales Comparables

We have also noted the following comparables of selling price of office developments in the locality:

Property	Location	Completion Year	*Asking Average Price (RMB per sq m)	Remarks
Jian Guo Men Wai Avenue / Guang Hua Road Area				
Beijing Fortune Plaza	Guang Hua Road	2005	Phase I: 28,000 Phase II: 35,000-45,000	Similar location and same quality with the Property
Central Int'l Trade Ctr	Jian Guo Men Wai Avenue	2005	27,000	Similar location but slightly lower quality than the Property
East 2nd Ring Road				
New Poly Plaza	Dong Si Shi Tiao	2007	37,000	In different commercial circle, similar quality

Property	Location	Transaction Date	*Transacted Price (RMB per sq m)	Transaction Area (sq m)	Total Transacted Price (1,000 RMB)	Storey	Transacted Rent Per month (RMB per sq m)	Yield (%)	Remarks
Jian Guo Men Wai Avenue / Guang Hua Road Area									
Central Int'l Trade Ctr	Jian Guo Men Wai Avenue	2006.7.6	26,260	2,686	70,534	32	212	9.7	Similar location but slightly lower quality than the Property
Wanda Plaza	Jian Guo Road	2006.9.8	24,818	733	18,192	22	_		Similar location but slightly lower quality than the Property
East 2nd Ring Road									
New Poly Plaza	Dong Si Shi Tiao	2007.1.16	31,000	3,451	106,981	18	_		In different commercial circle, similar quality

* Based on gross floor area.

8.0 BASIS OF VALUATION

8.1 The Property

Beijing Gateway Plaza comprises two 25-storey towers, known as Tower A and Tower B, plus a three-level car park/ancillary basement erected over a land with a site area of 17,690.24 sq.m. The Property was newly completed in August 2005 with a total gross floor area of approximately 139,092.82 sq.m. (include Civil Defence Shelter area).

8.2 Basis of Valuation and Assumptions

Our recent inspection reveals that the Property was partly leased to various tenants. In the course of our valuation, we have taken into account the existing Revised Rental Schedule of the Property.

We have taken into account the following legal opinion as previously provided by Commerce & Finance Law Offices in our valuation:

(i) The Property is transferable together with the residual term of land use rights at no extra land premium or other onerous payment payable to the government;

(ii) all land grant fee, costs of public utilities and ancillary infrastructure fee have been fully settled;

(iii) the proposed design and construction of the Property have been approved by the relevant government departments; and

(iv) the Property may be freely disposed of to the purchasers.

8.3 Valuation Rationale

En-bloc Grade A office transaction and sales comparables with similar quality to the Property are scarce in the locality. As the Property is an investment property with income-producing nature, we consider that the Investment Approach and DCF Approach are more appropriate methods of valuation in assessment of the market value. In the DCF Approach, we have taken into account the projected cash flows including the estimated rental growth and the expenses. The concluded valuation is based on a weighting of 45% for each of the Investment Approach and the DCF Approach and 10% for the Comparison Approach.

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9.0 THE VALUATION

Based on the above analysis, we are of the opinion that the market value of the Property subject to the existing tenancies (based the Revised Rental Schedule provided to us by the Manager), as at 30 September 2007, was in the sum of **HK$3,699,000,000 (HONG KONG DOLLAR THREE BILLION SIX HUNDRED AND NINETY NINE MILLION)**.

Our valuation by the various methodologies are summarized as follows and we have not assigned value to the civil defence shelter or the staff canteen:-

Valuation Summary	
Valuation Method	**Capital Value in existing state (HK$)**
Discounted Cash Flow Approach	3,745,000,000
Investment Approach	3,648,000,000
Comparison Approach*	3,717,000,000

* Valuation of the advertising spaces is calculated by the Investment Approach.

We hereby confirm that we are independent of and not connected with any of the Manager and its connected persons, or any of their respective associates. We have no direct or indirect interests in RREEF China Commercial Trust and its significant shareholders, or any of their respective associates and we have no direct or indirect interests in the securities or assets of the Manager and its connected persons, or any of their respective associates. The valuer's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the Vendor, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We confirm that the valuation is carried out on an impartial basis and we have no conflict of interest with the parties concerned.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited

Andrew K.F. Chan
Registered Professional Surveyor (GP)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.,
Director

Note : Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 19 years experience in valuation of properties in Hong Kong and in the PRC.

Appendix 2

COLLIERS INTERNATIONAL

Our Ref: 19559
23 October 2007

Colliers International (Hong Kong) Ltd
Company Licence No: C-006052
Suite 5701 Central Plaza
18 Harbour Road Wanchai
Hong Kong
高力國際物業顧問(香港)有限公司
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Tel 852 2828 9888
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RREEF China REIT Management Limited
(as Manager of RREEF China Commercial Trust)
53/F, Cheung Kong Center
No. 2 Queen's Road Central
Hong Kong

Attn: Mr. Paul Keogh

Dear Mr. Keogh,

Re: Valuation Methodology Review of Beijing Gateway Plaza (excluding the staff canteen situated in basement 1 and basement 2 and the civil defence shelter situated in basement 3), No. 18 Xi, The People's Republic of China (the "Property")

INSTRUCTIONS

In accordance with your instructions for us to review the property valuation methodology of the Property prepared by DTZ as at 30 September 2007 for internal reference purpose.

SCOPE OF WORKS

Further to your instructions, we have reviewed the valuation methodology prepared by DTZ.

As per your instructions, we are not required to comment on the value and major calculation assumptions (such as adopted yields, discount rate and estimated market rental) of the Property.

FINDINGS

We have reviewed the valuation methodology in the final report prepared by DTZ. Our findings are as follows:

No.	DTZ Particulars	Colliers Comments
1.0	**Compliance**	
1.1	The valuation methodology and report complies with the requirements set out in Chapter 6 of the Code on Real Estate Investment Trusts of the Securities and Futures Commission and in the Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors	Reasonable
2.0	**Basis of Valuation**	
2.1	Market Value has been adopted	Reasonable
3.0	**Method of Valuation**	
3.1	Discounted Cash Flow Analysis, Investment Approach and Direct Comparison Approach have been adopted	Reasonable

CONCLUSION

Based on our review, we are of the opinion that the basis of valuation and valuation methodology are reasonable and in line with market practice.

CAVEATS AND ASSUMPTION

We have not inspected the Property. We have been provided with the following information:

1) A final valuation report as at 23 October 2007 prepared by DTZ (Ref no. F07-000903 KFC/WKC/JM/jc);
2) A draft PRC legal opinion on the Property prepared by Commerce & Finance Law Offices (通商律師事務所); and
3) Gateway Plaza rent rolls dated 6 September 2007.

We have not reviewed the tenancy agreements and have not checked the correctness of the rent rolls.

We have not cross-checked the correctness of the data input in the calculation. We assume that the supplied rent rolls are valid and accurate. We take no responsibility for inaccurate data and subsequent conclusions derived from such data and information.

This letter is for the use of the above addressee and for the purposes indicated and no liability to any third party can be accepted for the whole or any part of the contents of the document. Neither the whole nor any part of this letter nor any reference thereto may be included in any other published documents, circular or statement, nor published in any way whatsoever without prior written approval of Colliers International (Hong Kong) Limited as to the form and context in which it may appear.

We hereby confirm that:

i) We have no present or prospective interest in the Property and are not a related corporation of nor have a relation with the Manager, the Trustee, DTZ or any other connected party or parties whom RREEF China Commercial Trust is contracting with; and
ii) We have not previously valued the Property.

For and on behalf of
Colliers International (Hong Kong) Limited

R. Keith Humphreys	David Faulkner
FRICS	*BSc (Hons), FRICS, FHKIS, RPS(GP) MAE*
Director	Regional Director
Valuation and Advisory	Valuation and Advisory

savills
第一太平戴維斯

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Attn: Mr Paul Keogh

23 October 2007
Ref: CV/2007/VPS/0460/CC/MW/hc

Dear Sirs,

RE: BEIJING GATEWAY PLAZA (EXCLUDING THE STAFF CANTEEN SITAUTED IN BASEMENT 1 AND BASEMENT 2 AND THE CIVIL DEFENCE SHELTER SITAUTED IN BASEMENT 3), 18 XIAGUANGLI, EAST 3RD RING NORTH ROAD, CHAOYANG DISTRICT, BEIJING, THE PEOPLE'S REPUBLIC OF CHINA

We refer to your recent instructions to us to review the methodologies adopted by DTZ Debenham Tie Leung Limited ("DTZ") in their valuation of the captioned property ("the Property"). We have carried out relevant researches and enquiries and are in a position to provide you with our comment and opinion as follows:

Background

Pursuant to the instructions given to us by the Manager on 16 October 2007, we have been instructed to review the format of valuation report and methodologies adopted by DTZ in their valuation of the Property as at 30 September 2007.

We have been supplied by the Manager a valuation report prepared by DTZ in respect of their valuation of the Property as at 30 September 2007 ("the Report").

We have reviewed the Report and have also carried out our own independent research in order to provide you with our comment and opinion.

Format of the Report

We consider the format of the Report is in compliance with the requirements set out in Chapter 6 of the Code on Real Estate Investment Trusts of the Securities and Futures Commission and the requirements set out in the Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Methodologies of Valuation

DTZ have adopted three different valuation methods in assessing the market value of the Property, namely Discounted Cash Flow Approach ("DCF Approach"), Investment Approach and Comparison Approach. Our comment on such valuation methodologies is:

DCF Approach

DCF Approach is a financial modelling technique based on explicit assumptions regarding the prospective cash flow of a property. The calculations involve the discounting of all future receipts and expenditures. To this projected cash flow series, an appropriate market-derived discount rate is applied to establish the present value of the future income stream, which is regarded as the market value of the property to be valued.

The resultant valuation figure derived by DCF Approach is sensitive to the underlying assumptions such as rental growth rate, initial market rental, capitalization rate, etc.

Investment Approach

Investment Approach is a valuation method to capitalize the rental incomes derived from the existing tenancies at an adopted market yield for the unexpired terms of contractual tenancies. Upon the expiry of the existing tenancies, the property is assumed to be leased at full market rentals which are then capitalized for the remaining tenure of the Property. The summation of the capitalized values of the term income and the reversionary income after being deferred represents the market value of the property.

Similar to the DCF Approach, the resultant valuation figure derived by Investment Approach is sensitive to the underlying assumptions such as market rental, property yields, etc.

Comparison Approach

Comparison Approach is the simplest and most direct approach in arriving at a value. In essence, a property being valued is compared with sale prices of similar properties that have been transacted in the open market.

Comparison Approach usually produces a very reliable result if adequate good quality comparable transactions are identified and analysed.

Conclusion

The format of the Report is in compliance with relevant codes of practice.

The three valuation methodologies adopted by DTZ in the course of their valuation are common methodologies widely used by valuers to assess values of investment properties.

However, the reliability of a valuation hinges on the underlying assumptions adopted in the DCF and Investment Approaches, such as current market rent, rental growth, capitalisation rate, occupancy rate, property yields, etc.

Comparison Approach normally produces reliable results only if adequate market research has been carried out.

Since we are not instructed to review the underlying assumptions adopted by DTZ in their valuation and the market comparables selected by DTZ for comparison purposes, we are unable to come to a conclusion whether the resultant valuation figure as reported in the Report falls within reasonable range or not.

Remarks

Neither the whole nor any part of this opinion letter nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it may appear.

This opinion letter is confidential to the client for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the client in respect of the purposes, but the client shall not disclose the report to any other person. In accordance with our standard practice, we must state that this opinion letter and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

pp.

Charles C K Chan
MSc FRICS FHKIS MCIArb RPS (GP)
Managing Director

Appendix 3

RREEF China Commercial Trust
Consolidated balance sheet
As at 30 September 2007

	Being audited by KPMG HK$'000	**Projected Financial Information** HK$'000
Investment property	3,692,237	4,052,884
Trade and other receivables	23,014	23,708
Amount due from a related party	9,859	10,916
Cash and cash equivalents	698,612	428,573
Tenants' deposits	(49,568)	(71,109)
Rent receipts in advance	(5,890)	(5,890)
Trade and other payables and accruals	(75,769)	(76,093)
Current taxation	(33,682)	(34,513)
Amount due to the Vendor	(220,955)	(220,955)
Bank borrowings	(1,380,155)	(1,380,155)
Deferred tax liabilities	(178,756)	(214,821)
Net assets attributable to unitholders	2,478,947	2,512,545
Net assets attributable to unitholders (excluding deferred tax liabilities)	2,657,703	2,727,366