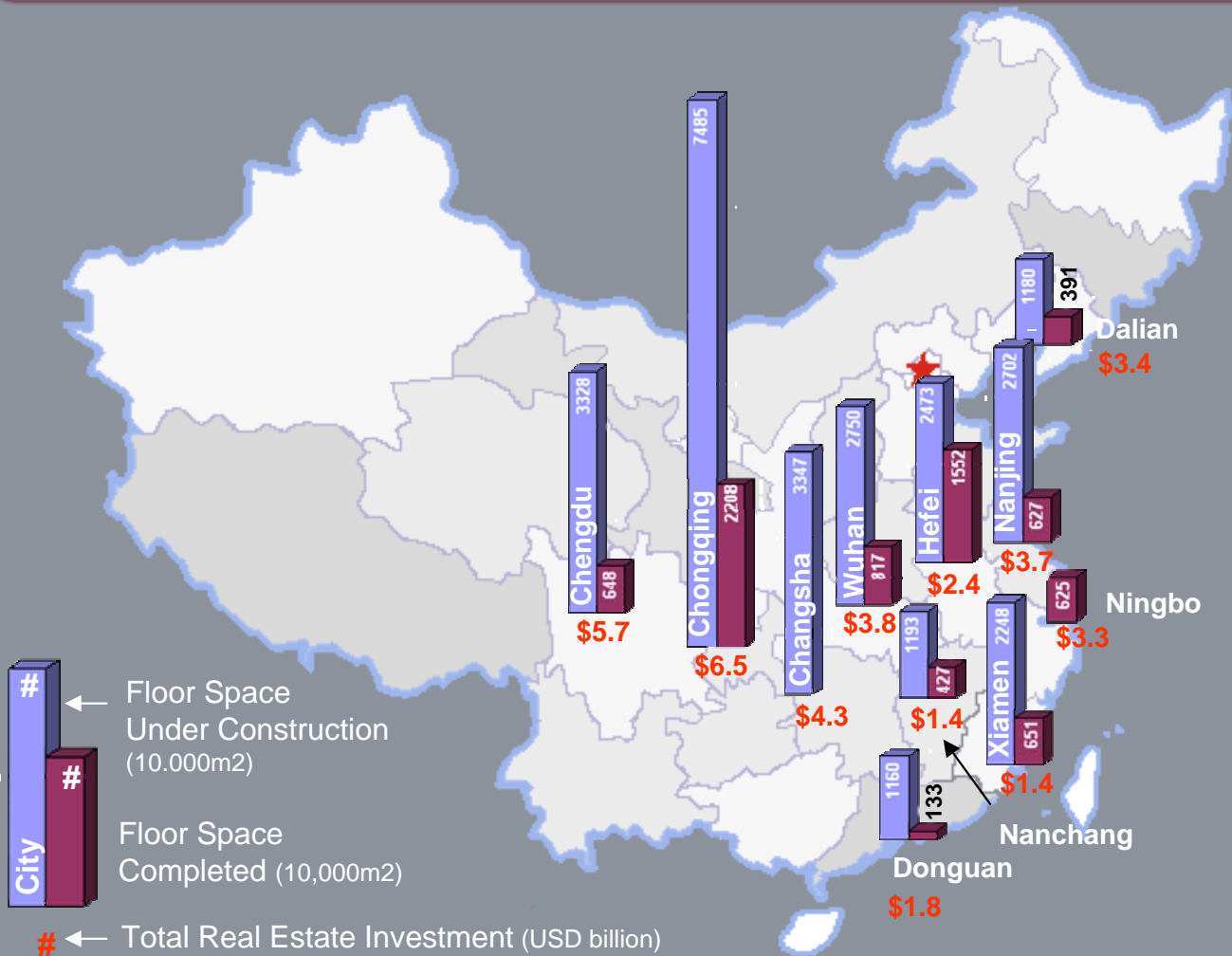




October 9 Map: Provincial Capital Real Estate Investment

For the last 3 years, the real estate markets in Beijing, Shanghai, and Guangzhou have been the topic of discussion around nearly every dinner table. Whether it was the ability to make quick money, recent regulations preventing the ability to make quick money, or as seen recently, the scandals surrounding the ability to make quick money, these markets have held the attention of nearly everyone. However, as can be seen in the map below, China's second tier cities are also seeing large amounts of investment and construction as well, and some believe these markets are prime for investment as well. To give others an idea of the investment, and level development in these cities, we have constructed the map below.



2006 Real Estate Regulatory Changes:

- 20% Capital gain tax applied if sold within 5 years
- 5.5% Gross tax applied if sold within 5 years
- Foreigners prohibited from buying multiple properties
- 70% of new flats built must be under 90m²
- 30% deposits are required for properties over 90m²
- Foreign developers must invest 35% of project (50% if the project is over 10M USD)

Selected Real Estate Transactions

- 10/05 Shui On Invests 1.2billion USD in Chongqing
- 10/05 CapitalLand invests 108M USD in Ningbo
- 05/06 Capitaland invests in 70M USD Hangzhou
- 05/06 Prologis to invest in Qingdao, Hangzhou, & Ningbo
- 06/06 Hutchinson Whampoa invests 280M USD in Qingdao