

Beijing, China

Tenant's Guide ■ International Markets ■ Third Quarter 2009

Overview

The supply of new projects in the Beijing office market has shown a reduction compared to previous quarters.

In terms of demand ,many domestic enterprises are looking for land to build their own offices, which increases the imbalance of market supply and demand. Influenced by the financial crisis, most of the multinational companies prefer high-quality offices with lower rent and a competitive location .As a result, market demand increased this quarter, including the headquarters of multinational companies now occupying around 50% of the office space along the East 2nd Ring Road.

Because of big demand from domestic enterprises, the office vacancy rate this quarter has dropped a little ,despite the relatively small supply of new projects.

In terms of rent, average rents declined even while the number of transactions increased. Rentals showed a small decline in this quarter compared with the 2nd quarter.

Market Trends

- Office demands rose this quarter.
- With the financial crisis, office rent is still being and will continue to be affected .
- Transactions are quite active, especially in the financial industry.

Tenant's Perspective

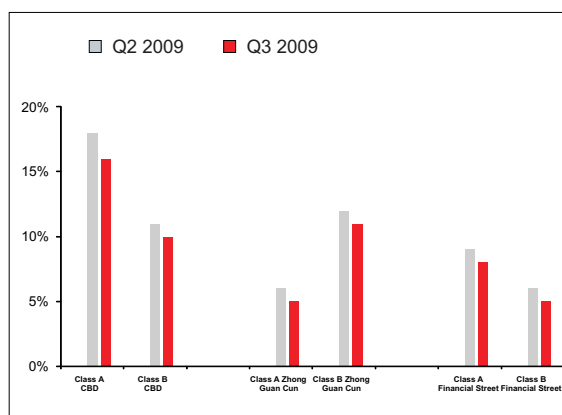
The Beijing office market continues to be active with big transactions appearing more in the CBD and Zhongguancun areas. Domestic industry giants, newly established financial institutions, the communications industry ,and consumption industries are expected to guide the Beijing office market .We anticipate a move away from the tenant's favor toward lower vacancies and higher rents.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Standard Chartered Bank	8,000	Office	Lease
China Marine Bunker	4,170	Office	Purchase
Kunlun Health Insurance	3,600	Office	Lease
Hylands Law Firm	3,000	Office	Lease
Oriental Wisdom Co.	3,000	Office	Lease
CRBC International Co.	2,700	Office	Lease
China National Fisheries Corp.	2,500	Office	Purchase
Jingtian&Gongcheng Law	2,200	Office	Lease
Bureau Veritas	2,100	Office	Lease
Fresenius Kabi Beijing	1,300	Office	Lease

* Size is represented in square meters

Vacancy Rate



Average Rental Rates

CBD	Q2 2009	Q3 2009
Class A Office	Rmb 206	Rmb 188.05
Class B Office	Rmb 135	Rmb 113.55

Zhong Guan Cun	Q2 2009	Q3 2009
Class A Office	Rmb 153	Rmb 150.10
Class B Office	Rmb 122	Rmb 100.86

Financial Street	Q2 2009	Q3 2009
Class A Office	Rmb 215	Rmb 195.15
Class B Office	Rmb 129	Rmb 126.58

* 1US\$=6.82950 China Yuan Renminbi

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