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LASALLE

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Emerging City Winners Profiles: China Xiamen

Xiamen, a port city and major transport hub, is one of China's five Special Economic Zones. The city is located in the southern part of China's Fujian Province, immediately west of the Taiwan Straits.

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ECONOMIC DASHBOARD

Size	Population (million 2005)	1.5
	GDP (US\$ billion 2005)	12.9
	Employment in urban units (million 2005)	0.52
Growth	Population (% pa 2000-05)	3.2
	GDP (% pa 2000-05)	15.6
Infrastruct.	Air Passengers (000s, 2004)	5,909
	Freight Traffic (million tons 2005)	36
Openness	FDI (US\$ billion 2005)	0.7
	Exports (US\$ billion 2005)	17.3
Wealth	GDP/Capita (US\$ 2005)	8,431
	Disposable Income/Capita (US\$ 2005)	2,050
Education & Labor	Higher Education Institutions (2005)	12
	Total Enrolments ('000s 2005)	65
	Unemployment (% 2005)	3.8
	Average Wage Rates (US\$ 2005)	2,822
Business	Business Environment (Score)	B
Lifestyle	Quality of Life (Rank)	15 th

CITY SUMMARY

Xiamen, a port city and major transport hub, is one of China's five Special Economic Zones¹. The city is located in the southern part of China's Fujian Province, immediately west of the Taiwan Straits. Xiamen, known as the "Garden on the Sea", has combined its traditional Hokkien heritage with a forward-looking approach, to create a vibrant and attractive city with a growing international reputation.

The city has well developed communications and has attracted a number of large multi-national corporations and financial institutions. Supported by its recent designation (in the 11th Five Year Plan) as an "Ecological Bay City", its high levels of FDI especially from neighboring Taiwan, and its relatively clean and unpolluted environment, we believe Xiamen has the capacity to emerge as one of the key cities of southern China.

ECONOMIC BACKGROUND

Recent Performance: Xiamen has a registered population of 1.5 million and covers a land area of 1,565 sq km. According to the State Social and Science Bureau's 2005 report, Xiamen ranked 9th in China in terms of city competitiveness. Its GDP reached US\$12.9 billion in 2005, double its 2000 level, positioning Xiamen as the fastest growing region in Fujian Province.

Key Drivers/Sectors: Electronics, machinery and chemicals are Xiamen's pillar industries. Industrial output from these three sectors totalled US\$19 billion in 2005, accounting for three-quarters of the total industrial output of the city. Taiwanese FDI has been critical to the development of Xiamen, contributing 40% of total industrial output. Both Dell and Kodak have also invested heavily in the city.

Outlook: Xiamen's municipal government intends to invest US\$8.25 billion in infrastructure development over the next 5 years, triple the amount invested over the past 5 years. This plan, along with the commitment to establish the largest software park in China, is boosting Xiamen's economy. However, Xiamen's long term success will ultimately be determined by the city's ability to address the growing shortages of specialized software graduates and the relatively un-coordinated urban planning system which is constraining Xiamen's progress.

¹ Five Special Economic Zones have been established since 1980 to act as catalyst to open up the Chinese economy to foreign investment - Hainan, Shantou, Shenzhen, Xiamen and Zhuhai.



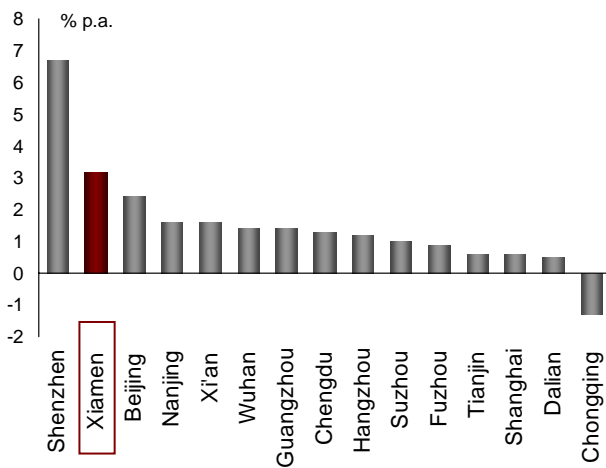
DEMOGRAPHICS



Xiamen's population (including non registered migrants) at 2.25 million in 2005 is forecast to grow by 22% to 2.75 million by 2010. Over one million migrants currently living in the city provide an attractive low cost skilled labor pool for the manufacturing sector.

The geography of Xiamen creates a major challenge for the city's demographic expansion. The city sits along the coast, and an island connected via a bridge houses the key population center. Therefore, the island itself is densely settled and unable to absorb more migrants. Future migrants to the city will be directed to live outside the Island.

Population Growth (2000-2005)



Source: Statistics Yearbook

EMPLOYMENT STRUCTURE

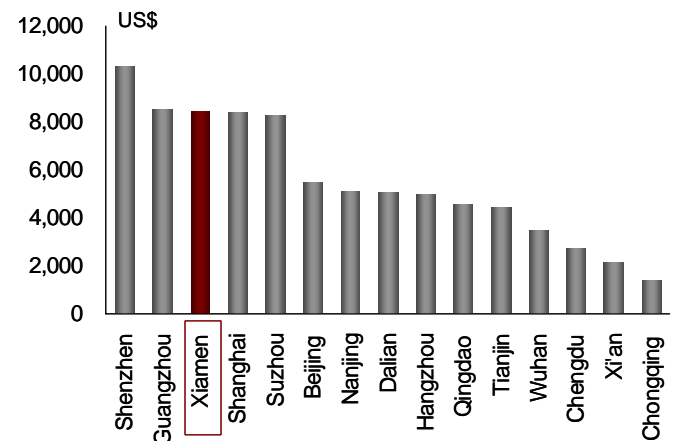
As a consumption and entertainment driven city, Xiamen is active in developing its secondary and tertiary sectors. The secondary sector contributed 47% of total employment in 2004, compared to 34% in the tertiary sector and 18% in the primary sector.

Unemployment was 3.8% in 2005, a 0.3% drop from 2004. According to a survey conducted by Xiamen Statistics Bureau in 2005, more than 50% of unemployed labor had below middle school level academic achievements, highlighting the ongoing educational challenge that Xiamen faces (see Labor and Education).

In 2005 the average industrial wage rate was US\$235/month, which ranks eighth of 19 provincial cities², and behind Beijing, Shanghai, Guangzhou, Shenzhen, Ningbo, Hangzhou and Nanjing. Among the three sectors, average wage rates in the tertiary sector reached US\$365/month, exceeding that of the secondary sector at US\$188 and the primary sector at US\$142.

WEALTH

GDP per Capita (2005)



Source: Statistics Yearbook

KEY INDUSTRIES / SECTORS

Xiamen's three key industries - electronics, machinery and chemicals accounted for 76% of total industrial output.



Foreign investment has increased dramatically. Utilized FDI totaled US\$700 million in 2005, a 24% increase on 2004 and a level which puts Xiamen in top place for FDI in Fujian Province. The participation of

Taiwan investments, which has been critical to the growth of Xiamen, was significant in 2005. Contracted investment from Taiwan reached US\$490 million in 2005, an increase of 34% on 2004. Industrial output from Taiwanese firms now contributes some 40% of the total industrial output of Xiamen. Of the four Taiwanese Investment Parks in China, three are located in Xiamen.

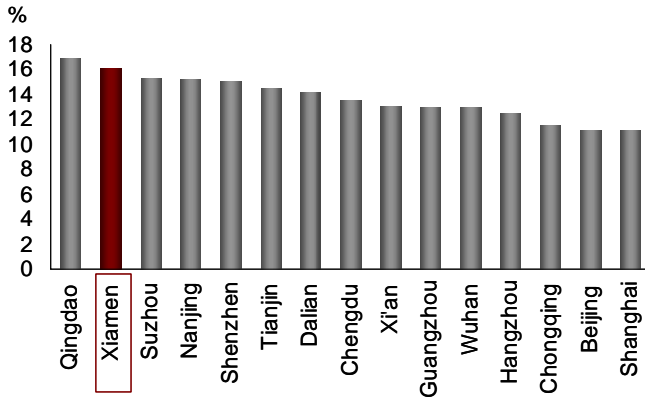
² Shenyang, Dalian, Wuhan, Harbin, Nanjing, Jinan, Qingdao, Hangzhou, Ningbo, Guangzhou, Shenzhen, Chengdu, Xi'an, Xiamen, Changchun, Tianjin, Shanghai, Beijing and Chongqing.



ECONOMIC PERFORMANCE

Xiame’s GDP expanded from US\$600 million in 2000 to US\$12.9 billion in 2005, almost doubling in size. GDP growth at 15.6% in 2005 was the 2nd highest in China, behind Qingdao, and ahead of both Suzhou and Shenzhen.

GDP Growth Rates (2005)



Source: Statistics Yearbook

MAJOR EMPLOYERS



Dell: Dell has been investing heavily in production facilities in China for the last 5 years and their 2,600 employee strong manufacturing base in Xiame is one of their most important centers worldwide, producing more servers than any other city in China.

Kodak: Kodak’s Xiame factory started operation in 2001, and with total employee numbers now around 1,800, it is Kodak’s biggest manufacturing base in China. While Kodak are currently concentrating on the production, sales and distribution of disposable cameras and related products, Kodak in China are seeking to extend their product range into the medical and commercial digital fields, with products such as Digital Dry View Laser Imaging Film and Commercial Image Printing. The Xiame facility is aiming to become the main base feeding global Kodak imaging products.

Linde: Headquartered in Xiame, Linde (China) Forklift Truck Co. was established in 1993, and has made a total investment in Xiame of US\$200 million. It is the largest forklift manufacturer and the most technically advanced company in its field in Asia.

Amoi: Amoi was the first joint venture company in Xiame. With total assets of US\$540 million, it occupies 400,000 sq m, and its major product lines are telecommunications and IT equipment. Amoi has also become a global firm for LCD TV production – their high-end Chinese LCD TV competes aggressively with Philips, Samsung and Sony in the international market.

Taikoo: Taikoo (Xiame) Aircraft Engineering Company (TAECO) is a joint venture formed in July 1993 to provide services for the maintenance, repair and overhaul of aircraft for civil and commercial aircraft operators and owners. TAECO and its associate companies have made Xiame the largest maintenance and conversion base for Boeing’s jumbo aircrafts in the Asia Pacific Region.

ABB: ABB entered the Xiame market in 1992, and has 5 subsidiaries in the city (out of 28 in China). Xiame is home to one-quarter of ABB’s 8,000 employees in China. Sales revenues in 2004 exceeded US\$260 million, making it the world’s largest manufacture and research center for medium-voltage switchgears. ABB Xiame Low-Voltage Equipment Company is now taking on R&D tasks from the leading technology centers in Europe and will set up its first R&D unit in Asia for low-voltage switchgears in Xiame. This is indicative of its intention to move its China production up the value chain.

MAJOR INVESTMENTS



Dell: The second phase of Dell’s expansion began in April 2004, and the facility, which will become operational in 2006, is expected to have an annual output of some 10 million PCs, accounting for 8-10% of Dell’s global output. The new facility will mainly serve clients from China,

Japan and North Asia.

AU Optronics Corp (AUO): AUO is the third largest manufacturer worldwide of TFT-LCD screens. AUO invested US\$50 million in Xiame by the end of 2005 to set up a manufacturing and packaging operation which, after Suzhou, will be the company’s second manufacturing base in China.

Kodak: Kodak invested US\$100 million in a new facility in Xiame, which started operation in June 2006. This new plant is expected to cater to their growing commercial development sector and digital imaging business.





Sodick: Japanese MNC Sodick has invested in Haicang District to manufacture automated machines such as digital processors, linear motors and ceramics & composites. The manufacturing plants are expected to be operational by July

2006 and the firm has forecast that the value of product output within a year will reach US\$100 million.

Bill & Melinda Gates Foundation: The Bill & Melinda Gates Foundation purchased ½ million units of Xiamen International Airport stock in Q4 2005. The Foundation is the 5th largest investor in the Xiamen Gaoqi International Airport Company.

INFRASTRUCTURE & CONNECTIVITY



Xiamen has seen significant investment in its infrastructure, which according to the 2005 City Comprehensive Competitiveness Report³ positions Xiamen 6th in the country rankings. The local government has continued to encourage increased connectivity

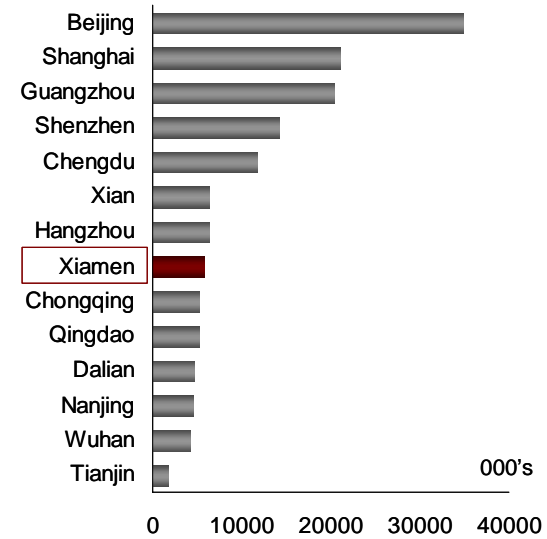
through its “Bay City” program. This has seen the Xiamen Gaoqi International Airport grow to become the second largest transport hub in Huadong Region⁴ in terms of handling capacity after Shanghai. In addition a high-speed railway between Fuzhou-Xiamen, Wenzhou-Xiamen and Shenzhen-Xiamen is planned for 2009, reducing travel times to 3-5 hours from an original 6-12 hours. Such improvements should facilitate increased capital flows into the city.

To further improve city competitiveness and to alleviate the downtown traffic congestion problems, Xiamen municipal government has announced the construction of an Airport Road, which will connect Gaoqi Airport to the city centre. A light rail system connecting Jimei District and Xiamen Island will be completed in 2008, and a tunnel planned to open in 2009, will connect Xiang'an District and Xiamen Island. The completion of this connection will shorten the distance from other districts to Xiamen Island to only 15-30 minutes from the original 2 hours.

³ Produced annually by the Social Science Academic Press (China) to measure each city's comprehensive strength.

⁴ Refers to Shandong, Anhui, Jiangsu, Shanghai, Zhejiang, Jiangxi and Fujian Province

Air Passengers (2004)



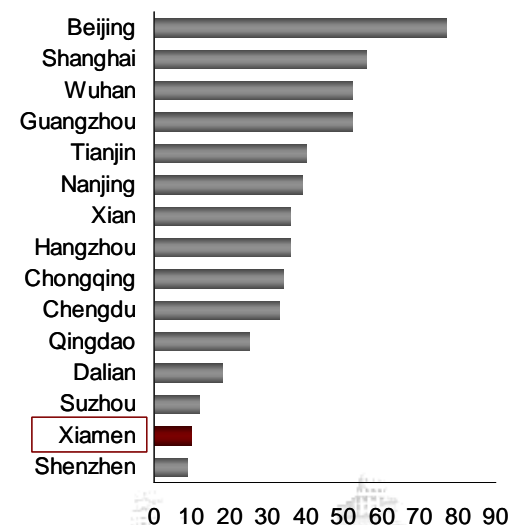
Source: ACI, Statistics Yearbook

LABOR & EDUCATION

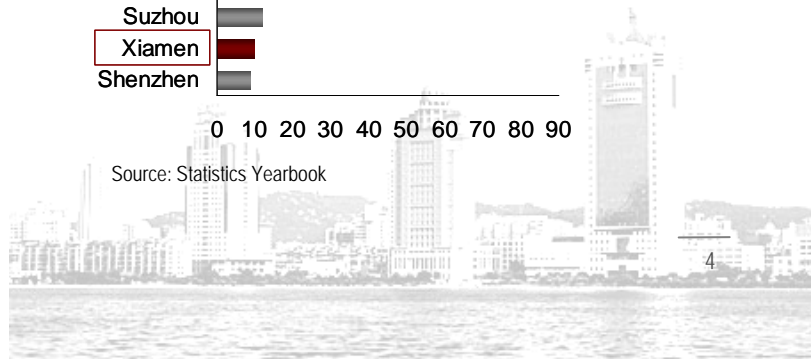
Skill shortages remain one of Xiamen's biggest challenges. In 2005 its 12 universities had a total enrolment of 64,600, only 15% of Shanghai. In terms of overall workforce skills, only 10.5% of the workforce have a university education (half of that of Shenzhen), with half of them having no more than a middle school education. To ensure the long term success of the city, Xiamen will need to initiate measures to attract the type of entrepreneurs and professional workers who will help to push the city's growth.

There are two international schools in Xiamen, of which Minxia is the first international school in Fujian Province.

Higher Education Institutions (2004)



Source: Statistics Yearbook



BUSINESS ENVIRONMENT

The business environment in Xiamen has tended to be more transparent than other Chinese cities, with many statistical websites providing information about various sectors including real estate information. The market is in fact dominated by local companies and government related firms (64%).

The government has worked aggressively to attract foreign investors to its logistics and industrial parks; this has stimulated the expansion of many firms. Almost half of the Taiwanese companies in Xiamen, and 11 out of 17 foreign banks have re-invested in the city.

Interestingly, it is proposed that Xiamen becomes a test location for an experiment in financial cooperation whereby Chinese RMB's and New Taiwan Dollars can be exchanged freely, and whereby foreign banks are allowed to set up branches. If this liberalizing move is to get traction then foreign investment in Xiamen especially from Taiwan, which is restricted in other parts of China, would be boosted.

POLITICS & POLICIES

Xiamen has developed significantly in recent years, albeit from a low starting point. However, the city's expansion is geographically constrained: Xiamen Island only has a land mass of some 128 sq km, with much of the commercial, residential and retail development concentrated around the city's three main roads. The lack of strategic urban planning has resulted in uncoordinated development within the city, and has, at times, restricted the ability of specific sectors to grow.

In a bid to alleviate some of the urban development challenges Xiamen's authorities have applied some effective planning interventions; for example, by moving the manufacturing base out of Xiamen Island, the power provision problems in the city have been largely alleviated. Since 2004, heavy investment by the Xiamen Electricity Company has successfully restored a reliable power supply to Xiamen, which gives it a competitive advantage over other Chinese cities where power outages are still a problem.

The aim of developing Xiamen into the "Ecological Bay City" and as an information hub for the West Taiwan Straits is likely to seed growth in the tertiary industries and contribute to the city's future competitive advantage.

LIFESTYLE



Xiamen is renowned for the quality of its natural environment and in 2004 was awarded "UN Habitat" recognition. Locally it is known as the "National Garden City", and the abundance of public amenities have helped Xiamen attract high levels of local migration from nearby cities

such as Quanzhou, Zhangzhou and Fuzhou.

Xiamen also has a good public safety record, and according to a study by the Fujian Provincial Cities Investigation Team, 98% of the local residents feel safe in their communities, the highest rate in the Province.

The municipal government in Xiamen has also provided local residents with good amenities such as medical services which are available from 35 hospitals and over 300 clinics. Some 780,000 people have a pension fund and 840,000 have access to medical support.

On the cultural front, oil painting has become Xiamen's new sunrise sector in the culture industry – the city accounts for 18% of the world's total output of oil paintings.



REAL ESTATE DASHBOARD

Market Size/Stock	
Offices Grade A ('000s sq m)	180
Shopping Malls ('000s sq m)	580
Warehouses ('000s sq m)	n/a
Hotel Rooms (4-5*)	3,600
Market Activity	
Office Construction – Grade A ('000s sq m)	350
Office Vacancy – Grade A (%)	5%
Benchmark Values	
Offices Grade-A Rents (US\$/sq m pa)	150-180
Retail -Rents (US\$/sq m pa)	150-600
Industrial - Rents (US\$/sq m pa)	18-30
Hotels -Room Rates (4-5*) (US\$)	50-80
Residential Prices (US\$/sq m)	600-1,000
Grade A Offices -Indicative Yields (%)	n/a

JONES LANG LASALLE'S VIEW

Offices: The Grade A office market currently consists of around 180,000 sq m of stock, but with renewed optimism the government has decided to double the size of the existing stock, a decision which we believe will lead to an excess of space within the next three years, as the source of demand and potential take-up patterns remain unclear.

Retail: Xiamen's retail market is relatively mature with most retail formats already operating in the city - local shopping malls, tax-free shops, big-box hypermarkets and numerous street shops are all present in Xiamen. The market will be enhanced in 2006 by the entry of Carrefour with the opening of two stores, whilst Wal-Mart will open its third store.

Residential: The residential market is broadly in balance, with 13.8 million sq m completed in the past 5 years, compared to 13.7 million sq m sold over the same period. Forecasts indicate that the expected supply of 8.4 million sq m to be released within the next 3 years will be met with solid demand. We believe that prices in the residential market will continue to grow at a relatively steady single-digit pace.

KEY PLAYERS

Occupiers

Carrefour entered the Xiamen market in March 2006, the 19,000 sq m outlet in Mingfa Commercial Plaza is Carrefour's 73rd outlet in China. 65% of its products are sourced from local suppliers in Fujian Province. Carrefour is aiming to realize turnover of US\$37.5 million in 2007 from its Xiamen stores. It is expanding aggressively with another two outlets to open shortly.

B & Q entered Xiamen in October 2005 with their first outlet located in Mingfa Commercial Plaza.

Wal-Mart established two outlets in Xiamen in 2001, both of which are located in the major shopping malls in Xiamen (Shimao Shopping Center and SM City Plaza). The outlet in SM City Plaza has an operational area of 10,000 sq m and employs more than 500 people. Its third outlet will be opened in Tong'an District in 2006.

HSBC: HSBC's 40 strong Xiamen Branch was established in 1986, following on from the representative office which had opened in 1983. In 2005 HSBC became one of the first foreign banks to receive approval from the China Banking Regulatory Commission to offer RMB banking services in Xiamen.

Other Occupiers: Citigroup, United Overseas Bank, Bangkok Bank, ABN AMRO, Standard Chartered.

Investors

Retail: Mingfa Group. Mingfa Commercial Plaza has GFA of 400,000 sq m, and is the biggest shopping mall in Fujian Province.

Apart from a few foreign investors, most residential, office and industrial sectors are dominated by local investors and government related firms, which accounted for more than 80% of total investment in 2005.

Swire: Headquartered in Hong Kong SAR, Swire Pacific has been investing steadily in Mainland China in property, aviation and beverage industries.

Logistic: Maersk, Bax Global

KEY TRANSACTIONS

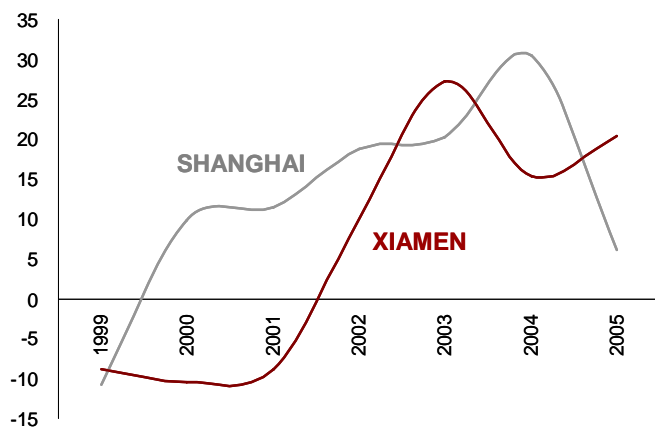
Sofitel: Singaporean developer, UOL, acquired the 29 floor Dahua Apartments, and converted it into a Sofitel Hotel in 2005. The total investment was US\$75 million.



REAL ESTATE INVESTMENT TRENDS

Real estate investment trends are unlike other cities as the property market in Xiamen has been unduly influenced by the political events of 1999-2001. During this period, bank borrowing to build new schemes was officially encouraged and endorsed in order to support the growth of Xiamen. But as general market conditions worsened, central support waned and lending tightened considerably leaving the city with a shortage of capital and numerous uncompleted developments.

Real Estate Investment (Growth Rate %)



Source: Statistic Yearbook

OFFICES



Xiamen's Grade-A office market is small at 180,000 sq m, with total new supply of some 680,000 sq m per year likely to enter the market between 2006 and 2008. Most of the office buildings will be located on Zhongshan Road in central Xiamen, a location that also houses much of

the city's prime retail. This precinct has developed alongside Gulangyu, probably Xiamen's most well known tourist resort.

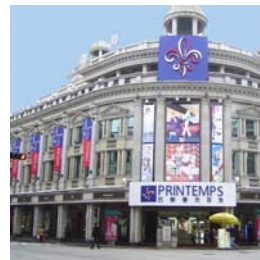
While the market is small in quantum terms, the occupancy rate tends to be high with a significant tenant base from the logistics sector, including air freight operators and shipping lines as well as several financial institutions.

The shortage of Grade-A offices has encouraged the government to launch a program to double the current stock. The recently designated office zone east of Xiamen Island will have a built area of 1.1 million sq m, with a first phase of 350,000 sq m having

started at the end of 2005. Most of the planned new, predominantly high-end, supply will be built in this area by 2008.

Although supply is currently tight, there is a question over whether the limited market has the capacity to absorb such expansion. Our opinion is that the Grade-A office market will see significant levels of oversupply in the next 3 years, unless large financial institutions or major corporates can be attracted to Xiamen. This, at present, seems unlikely as the government's efforts to develop tertiary industries are mostly focused on logistics and trade & commerce, which do not require substantial office accommodation.

RETAIL



High levels of retail spending growth due to a growing middle class and continued inward migration have resulted in strong growth over recent years. Retail sales of consumer goods reached US\$3.4 billion in 2005, a 16% increase on 2004. As

well as two Wal-Marts, four Trust-Malls, a 19,000 sq m Carrefour, a B&Q and a Metro store, Xiamen also has significant local representation in the form of retail giants such as GOME, Suning and Yongle.

Although the retail property market has continued to perform well in recent years, total stock is set to double with significant amounts of space currently under construction. Carrefour will open another two stores in Xiamen, and Wal-Mart will open a further store.

The indicators point to a softening in rents and investment performance, as we doubt there is sufficient demand to absorb the future supply coming on line over the medium term.

INDUSTRIAL

There are eight state-level development zones and industrial parks in Xiamen:

- Haicang Investment Zone
- Xiamen Export Processing Zone
- Xiamen Torch Hi-Tech Industrial Development Zone
- East Industrial Area
- Xiamen Aviation Industrial Park
- Xiamen Free Trade Zone
- Jimei Taiwanese Investment Zone
- Tong'an Industrial Park



As well as the current eight state-level zones and industrial parks, Xiamen Software Park is a new and emerging park in Xiamen

Haicang Investment Zone: As one of the largest Taiwanese investment zones in China in terms of lot size, Haicang Investment Zone was established in 1989 as a platform for strengthening cross-Straits economic and trade ties. By the end of 2004, the zone had attracted 719 projects, involving total investment of US\$8.2 billion. Big-name domestic and international companies include Kodak, the Shanghai-listed Amoi Electronics, Xiamen King Long United Automotive Industry and Xiamen Topstar Lighting. The investment zone aims to double its industrial output by 2008.

Software Park: Xiamen Software Park is the municipal government's initiative to build Xiamen into a major information centre of the West Taiwan Strait and into the leading park in China. The first phase of Software Park is located next to Xiamen University. 159 firms had invested in the park by the end of 2005, and a total US\$250 million turnover was realized. The second phase is located on the east coast of Xiamen Island, with a total land area of 1.6 million sq m and an initial investment of US\$580 million from the Xiamen municipal government.

Microsoft will set up a technology centre in Phase II of Software Park, while Cisco, Sina and Huawei Technologies have also shown interest. As the industry cooperation base between Taiwan and mainland China, Xiamen Software Park has also attracted the IC Design Centre, due to begin operations at the end of 2006 (at one-quarter the cost of operations in Taiwan).

RESIDENTIAL

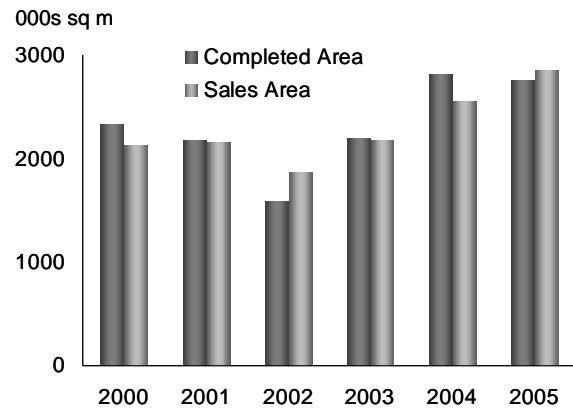


As an economic and cultural centre in Fujian Province, Xiamen has continued to attract residents from nearby cities who have subsequently purchased properties in Xiamen either for investment or for occupation.

The high-end suburbs are mainly located near Xiamen University (south east of Xiamen Island), where the area fronts the ocean and has excellent sea views. The average price of a residential unit near Xiamen University ranged from US\$1,250 to US\$2,000/sq m in 2005, which is considerably higher than residential values in nearby regions. Demand remains solid despite high-prices, supported by demand from the growing

middle class in Xiamen as well as from investors from Quanzhou, Fuzhou, Zhangzhou and Taiwan.

Housing Supply and Demand



Source: Statistics Yearbook

HOTELS



Xiamen's hotel market is supported by an increasing number of tourists, exhibitions and events. There were two five-star and 14 four-star hotels with 3,600 rooms available in 2005 and an occupancy rates of 65%. With the entry of both Sofitel and the Sheraton Group, an additional 11

five-star hotels will be provided in next 2-3 years.

The challenge for Xiamen, as for many Chinese cities, is the question of the "fit" to tourist types. Currently the majority of tourists are domestic, and historically they have preferred the more affordable three-star hotels. The price of four- and five-star hotels has in fact reduced sharply with, for example, the Sofitel Hotel, the first international five-star hotel in Xiamen, now charging around US\$50 per night.

To maintain the healthy development of the hotel market, the municipal government has targeted the transformation of Xiamen from a purely commercial city to a leading holiday destination.



FINAL OBSERVATIONS

The central government has for the first time introduced a special scheme in its 11th Five Year Plan to support the area west of the Taiwan Straits. Continued high levels of Taiwanese investment into Xiamen will help to strengthen the city's position, and act as a catalyst for increased economic cooperation with other mainland Chinese cities, thus reducing any risks of economic marginalization.

Xiamen municipal government's strategic vision, favorable business environment and well developed communications has made Xiamen an attractive magnet for people from nearby cities, as well as attracting FDI from overseas. Nonetheless the city's dynamism is creating its own challenges, namely how to balance the development of Xiamen Island with its mainland districts, and how to attract skilled labor to alleviate the skill shortages. Both factors will be critical to the city's long term sustainability.

Jones Lang LaSalle, July 2006



DEFINITION OF TERMS

ECONOMIC DASHBOARD

Population: Population refers to the total population as at 31st December.

There are 2 definitions of population:

Registered Population - those officially registered with the police

Permanent Residence Population – those actually residing permanently in a location, usually longer than ½ year.

Xiamen's population refers to Registered Population.

GDP: Refers to the gross domestic (i.e. regional) product of a location.

Employment in urban units: refers to the persons working in government agencies of various levels, political and party organizations, social organizations, enterprises and institutions, and receiving wages or other forms of payment. Excludes staff and workers who have left their working units while keeping their labor contract (employment relation) unchanged

Population Growth: Refers to the compound annual growth rate over the 5 year period 2000-2005

GDP Growth: Refers to the annual GDP growth rate over the 5 year period from 2000 to 2005.

Freight Traffic Refers to the volume of freight transported by various means, measured in millions of tons.

FDI: Foreign Direct Investment refers to investments made inside China by foreign enterprises and economic organizations or individuals (including overseas Chinese, compatriots in Hong Kong, Macau and Chinese enterprises registered abroad).

GDP/Capita: Refers to total gross domestic product divided by the registered population.

Disposable Income: Refers to the actual income at the disposal of a household which can be used for final consumption, other non-compulsory expenditure and savings, which is part of the urban households' income that can be disposed by the urban households themselves.

High Education Institutions: Refers to the number of higher education institutions providing higher education courses and training for senior professionals. They include full-time universities, colleges, high professional schools, high professional vocational schools and others. High education institutions are set up according to the central government evaluation and approval procedures.

Unemployment: The Registered Urban Unemployment Rate refers to the ratio of the number of the registered unemployed to the sum of the number of persons employed in a location.

Average Wage Rates: Average wage rate refers to average wage of fully employed staff and workers. It is calculated as follows:

Average wage of fully employed staff and workers = total wages of fully employed staff and workers/ average number of fully employed staff and workers.

Business Environment: Grading measured by an assessment of a locations macro economic environment, its policy towards private enterprise and foreign investment, and its labor market and tax regimes. A location's business environment is graded from A (highest) to C (lowest), with Shanghai providing the benchmark.

Quality of Life: Refers to the quality of health, culture and environment in each city. A city is ranked among 15 cities (Shanghai, Beijing, Guangzhou, Shenzhen, Chongqing, Chengdu, Tianjin, Wuhan, X'an, Qingdao, Hangzhou, Suzhou, Nanjing, Dalian and Xiamen).

REAL ESTATE DASHBOARD

Offices Grade A Stock: Refers to the total completed Grade A office space (occupied and vacant). Grade A reflects an above average property in the market, with quality criteria being at the upper end of the scale.

Retail Stock: Represents the total modern retail stock.

No of Hotels: Refers to the number of hotel rooms in 4 and 5 star standard hotels.

Office Construction Grade A: Refers to the total amount of Grade A office space in properties where construction has commenced, and completion is expected in 2007 or 2008.

Office Vacancy Grade A: Refers to Grade A office floor space (as a % of total Grade A stock) in existing properties, which are physically vacant, ready for occupation in the next three months and being actively marketed.

Benchmark Rents: Refers to the typical open-market rents (within a range) that could be expected for a unit of the highest quality and specification in the best location expressed in US\$ per square meter per year.

Grade A Office Rents: Includes management fees . .

Retail-Rents: Refers to rent of ground floor of department stores or shopping malls.

Industrial-Rents: Refers to rents of pre-built industrial facilities mainly in Haicang Investment Zone

Residential Prices: Refers to typical prices (within a range) for high end residential projects in US\$ per square meter.

Grade A Offices – Indicative Yields: Refers to the best (i.e. lowest) yield estimated to be achievable for a notional office property of the highest quality and specification. Indicative yields represent Jones Lang LaSalle's "market view", based on a combination of market evidence where available, and a survey of expert opinion.





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